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House of Representatives

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Opening Statement
Rep. Matt Cartwright, Ranking Member

Subcommittee on Health Care Benefits and Administrative Rules
Hearing on "Examining Fraud, Waste, and Abuse at Export-Import Bank."

June 11, 2015

Thank you, Mr. Chairman, and welcome to our witness. I look forward to your testimony.

Here we are again for another hearing on the Export-Import Bank, this time to examine the Bank's efforts in dealing with waste, fraud, and abuse.

There are nine legislative days left until the Bank's charter expires. Nine legislative days before the country stands to lose the billions of dollars in exports. Nine legislative days before we jeopardize the hundreds of thousands of American jobs the work of the Bank supports. Nine legislative days before the "shutdown crowd" gets their way and closes an institution with a default rate of .0167 percent as of March; an institution that returns money to the U.S. Treasury.

When I look at the Bank, I see a patriotic institution. An institution that supports American-made products and American jobs.

Earlier this week I had the pleasure of speaking with Bill Weller, Vice President of Marketing and Sales of Space Systems/Loral known as SSL. SSL is a world leader in commercial GEO satellites and they have more communications capacity in orbit than any other manufacturer. They employ approximately 2,800 people domestically building satellites for companies such as DISH network and DirectTV. SSL has customers in 15 countries and their exports account for 60 percent of their sales.

SSL faces stiff competition from manufacturers in France, China, Israel and Japan. Companies in those countries compete with SSL using attractive government financing terms. To help level the playing field, SSL works with the Export-Import Bank to obtain crucial financing and guarantees. Without the Bank's financing, SSL would lose contracts to foreign competitors and be forced to cut their workforce. And it's not just SSL that benefits, it's the over 1,600 U.S. suppliers in 47 states that benefit. Given all of this, I ask, when are we going to start being proud of the Ex-Im Bank?

Many of my friends on the other side of the aisle contend that the Bank is rife with fraud and corruption. In his semiannual report to Congress, Deputy Inspector General Michael McCarthy identified 31 cases of fraud, waste, or abuse his office was investigating. Only three of those involve allegations of employee misconduct. To quote Fred Hochberg, Chairman and President of the Bank who testified before the Financial Services Committee on June 3, "there will always be outsiders who attempt to defraud the government." How agencies respond to these attempts is what we should focus on. And the Bank has responded quite well. In FY 2009, the bank sustained \$100 million in fraudulent losses in its medium term program, by FY2014 that number was down to \$6 million.

In addition, it's clear from the Deputy IG's report that the Bank has fully cooperated with the IG's office in rooting out cases of employee and outside misconduct and is dealing with those individuals appropriately. The report also cites a number of instances of investigative successes. Moreover, there has been only one indictment of a Bank employee, the other incidents were dealt with by administrative action, or found to be groundless. This is exactly how the system should work.

There is always a role for Congressional oversight and we owe it to the American people to ensure that governmental agencies are operating effectively and responsibly. But I expect this hearing to demonstrate that the Bank has been accountable in implementing necessary reforms and responding to instances of fraud and abuse.

We have nine legislative days to renew the Bank's charter and we shouldn't be wasting it playing political and ideological games. I hope today's hearing will highlight the good work the Bank does in assisting businesses, resolve any questions concerning the IG's report, and provide additional support for the Bank's continuing reauthorization.

Thank you Mr. Chairman and I yield back.

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