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HEARING ON ASSESSING THE STATE

DEPARTMENT INSPECTOR GENERAL

Wednesday, November 14, 2007

House of Representatives

Committee on Oversight and

Government Reform,

Washington, D.C.

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES



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10 | The subcommittee met, pursuant to call, at 10:15 a.m.,
11 | in Room 2154, Rayburn House Office Building, the Honorable
12 | Henry A. Waxman [chairman of the committee] presiding.

13 | Present: Representatives Waxman, Cummings, Watson,
14 | Braley, Norton, Lynch, Higgins, Yarmuth, McCollum, Hodes,
15 | Sarbanes, Welch, Shays, Platts, Cannon, Issa, McHenry, and
16 | Foxx

17 | Staff Present: Phil Schiliro, Chief of Staff; Phil
18 | Barnett, Staff Director/Chief Counsel; Kristin Amerling,
19 | General Counsel; David Rapallo, Chief Investigative Counsel;
20 | Theo Chang, Deputy Chief Investigative Counsel; David Leviss,

21 Senior Investigative Counsel; Margaret Daum, Counsel; Steve
22 Glickman, Counsel; Christopher Davis, Professional Staff
23 Member; Earley Green, Chief Clerk; Teresa Coufal, Assistant
24 Clerk; Caren Auchman, Press Assistant; Ella Hoffman, Press
25 Agent; Leneal Scott, Information Systems Manager; Kerry
26 Gutknecht, Staff Assistant; William Ragland, Staff Assistant;
27 David Marin, Minority Staff Director; Larry Halloran,
28 Minority Deputy Staff Director; Jennifer Safavian, Minority
29 Chief Counsel for Oversight and Investigations; Keith
30 Ausbrook, Minority General Counsel; John Brosnan, Minority
31 Senior Procurement Counsel; Steve Castor, Minority Counsel;
32 A. Brooke Bennett, Minority Counsel; Emile Monette, Minority
33 Counsel; Nick Palarino, Minority Senior Investigator & Policy
34 Advisor; Patrick Lyden, Minority Parliamentarian & Member
35 Services Coordinator; Brian McNicoll, Minority Communications
36 Director; Benjamin Chance, Minority Clerk; Ali Ahmad,
37 Minority Deputy Press Secretary

38 Chairman WAXMAN. The meeting of the Committee will come
39 to order.

40 This year, our Committee has given a special focus to
41 two areas: finding waste, fraud, and abuse, and examining how
42 to make Government effective again. Today's hearing on the
43 performance of Howard Krongard, the State Department's
44 Inspector General, bridges both of these fundamental issues.

45 Just as Congress tries to do its job of oversight, we
46 set up inspectors general for many of the departments and
47 agencies to do the job of trying to stop abuse, waste and
48 fraud of taxpayers' dollars, and to make sure that the
49 Government is working more effectively.

50 When we look at the State Department actions in Iraq, we
51 look at the reason for this whole hearing. As we examine the
52 construction of the new Baghdad embassy, the oversight of
53 Blackwater, and corruption in the Iraqi government, seven
54 current and former officials in the Inspector General's
55 Office expressed concerns about Mr. Krongard's own oversight
56 of the State Department.

57 These officials, and others who spoke with the Committee
58 during our investigation, raised fundamental questions about
59 Mr. Krongard's judgment, actions, and effectiveness. They
60 described their serious concern about his inadequate
61 oversight of the construction of the Baghdad embassy, his
62 failure to assist the Justice Department's investigation of

63 | Blackwater for arms smuggling, his refusal to pursue charges
64 | of procurement fraud implicating DynCorp, his intervention in
65 | the investigation of Kenneth Tomlinson, and his lack of
66 | independence in auditing the State Department's financial
67 | statements.

68 | The Committee was told that due to Mr. Krongard's
69 | abusive management style, the Office of the Inspector General
70 | is bleeding people right and left. What these officials told
71 | the Committee is summarized in a staff report I am releasing
72 | today, and, without objection, it will be made part of the
73 | official record.

74 | One of Mr. Krongard's key responsibilities is providing
75 | oversight for the State Department's construction of the new
76 | Baghdad embassy. In a previous hearing, we learned that the
77 | project will cost \$144 million more than projected, is far
78 | behind schedule, and has potentially life-threatening
79 | construction deficiencies. There are also allegations that
80 | the building's contractor, First Kuwaiti, was involved in
81 | labor trafficking. When Mr. Krongard heard that his staff
82 | might investigate this issue, he sent them an e-mail that
83 | said, as one official described it, "Cease and desist all
84 | work. I am taking care of this."

85 | Mr. Krongard conducted his own personal and
86 | unprecedented investigation of this potential scandal.
87 | According to Mr. Krongard, he interviewed six employees who

88 | had been handpicked by First Kuwaiti. He questioned them
89 | without a translator present and took virtually no notes.
90 | Mr. Krongard then concluded that there was no evidence that
91 | First Kuwaiti had committed human rights violations.

92 | The reaction of Mr. Krongard's senior staff to this
93 | investigation is remarkable. Mr. Krongard's deputy said the
94 | effort was ``unorthodox, didn't comply with any standards,
95 | and was the furthest thing from an investigation.'' Another
96 | official warned that Mr. Krongard's investigation ran the
97 | risk of inadvertently ruining a future prosecution.

98 | The former head of Mr. Krongard's audit division told us
99 | that the report ``would never pass muster in my organization
100 | and in any IG investigation that I have ever worked in.''
101 | She also said, ``It is an embarrassment to the community.''
102 | A special agent was even more blunt, calling Mr. Krongard's
103 | report ``an affront to our profession.''

104 | Given the strong condemnations from the professional
105 | staff in the Inspector General's Office, this incident alone
106 | would justify today's hearing. Unfortunately, it is not an
107 | isolated incident. In fact, I don't believe it is even the
108 | most serious allegation raised against Mr. Krongard. In the
109 | course of our investigation, Mr. Krongard's investigators
110 | told us he placed First Kuwaiti off limits to investigation.
111 | They said he refused to pursue credible complaints about
112 | fraud, waste, and abuse in the embassy project, and rejected

113 proposals to audit the construction process during
114 construction so that problems could be addressed as they
115 happened.

116 When the Justice Department wanted to investigate these
117 matters, it asked Mr. Krongard for cooperation. He refused
118 repeatedly. In one instance, Mr. Krongard e-mailed his staff
119 ``stand down on this and do not assist.'' In one
120 mind-boggling sequence, Mr. Krongard, against the advice of
121 his most senior staff, insisted on meeting ``a person of
122 interest'' in an investigation involving the embassy without
123 assistance of counsel or investigators. Three days after
124 meeting with Mr. Krongard, the potential suspect canceled the
125 scheduled meeting with audit officials and left the United
126 States.

127 Shortly after that, Mr. Krongard insisted on meeting
128 with another potential suspect during a trip to Iraq. This
129 time, his senior staff not only advised him to cancel the
130 meeting, but asked the Justice Department to instruct Mr.
131 Krongard not to conduct haphazard witness interviews.
132 Despite the additional warning from the Justice Department,
133 Mr. Krongard met with the individual. When he returned to
134 Washington, he wanted to debrief his investigators on his
135 meeting. The agents were worried that the information might
136 taint them and ruin any credible investigation. They
137 specifically asked Mr. Krongard not to share his impressions

138 | with them, but he ignored their request and sent one of the
139 | agents an e-mail summarizing his conversation with the
140 | potential suspect.

141 | Well, none of these actions make any sense. When the
142 | Justice Department asked for cooperation, Mr. Krongard
143 | refused. When they warned him that his freelance
144 | investigations would jeopardize potential prosecutions, he
145 | ignored that. When his own staff tried to advise him on
146 | proper investigative procedures, he ignored them.

147 | If the reports the Committee has received from the
148 | Justice Department and the Inspector General's senior staff
149 | are accurate, Mr. Krongard has acted with reckless
150 | incompetence.

151 | And the questions about Mr. Krongard's performance
152 | aren't limited to the embassy in Baghdad. The Justice
153 | Department sought Mr. Krongard's cooperation as it
154 | investigated reports that a large private security contractor
155 | was smuggling weapons into Iraq. Instead of cooperating, Mr.
156 | Krongard apparently created a series of obstacles to the
157 | inquiry. One of Mr. Krongard's aides told our Committee:
158 | ''There was absolutely no justifiable investigative
159 | management or any kind of reason for us to stop that
160 | investigation.''

161 | The Justice Department shares that view and told the
162 | Committee: ''At this juncture, we cannot determine all of the

163 | ramifications of the IG's conduct, but some of his actions
164 | have certainly impacted the investigation. For reasons that
165 | remain unclear, the line IG agents have been forced to funnel
166 | requests within their own agency through a congressional and
167 | public relations official. This is not the usual practice.
168 | The Inspector General also issued a statement, without
169 | advanced cooperation with Department attorneys, confirming
170 | the existence of this investigation, which is inconsistent
171 | with our law enforcement interests.' ' That was from what the
172 | Justice Department told our Committee.

173 | Well, the Justice Department has advised us that ' 'Mr.
174 | Krongard's action resulted in a cumbersome and time-consuming
175 | investigative process and added multiple layers to our
176 | investigative efforts.' ' As of this last Friday, the Justice
177 | Department still has not received the State Department
178 | materials it has requested.

179 | As Mr. Krongard revealed through some ill-advised
180 | comments, the company implicated in the weapon smuggling is
181 | Blackwater. We have now learned that Mr. Krongard's brother,
182 | Buzzy Krongard, serves on Blackwater's advisory board. We
183 | have also learned that Mr. Krongard concealed this apparent
184 | conflict of interest from his own deputy, even as he remained
185 | actively involved in monitoring the Justice Department's
186 | criminal investigation.

187 | In the course of today's hearing, we will also examine

188 | allegations about Mr. Krongard's actions regarding
189 | investigations into DynCorp and its subcontracts, his
190 | decision to allow the State Department to replace unfavorable
191 | financial audits with favorable ones, his contact with
192 | Kenneth Tomlinson to alert him to a possible investigation of
193 | wrongdoing, and his management approach to the Inspector
194 | General's Office.

195 | It is a staggering list of allegations from Mr.
196 | Krongard's own staff. In Committee interviews and
197 | depositions, the Deputy Inspector General, the Assistant
198 | Inspector General for Investigations, the Assistant Inspector
199 | General for Audits, their deputies, and the counsel to the
200 | Inspector General, along with many others, all criticize Mr.
201 | Krongard or his performance. And a long list of top
202 | officials, including an Assistant Inspector General for
203 | Investigations, a Deputy Assistant Inspector General for
204 | Investigations, a Deputy Assistant Inspector General for
205 | Audits, the head of the Office for Information Technology
206 | Valuations, and a counsel to the Inspector General have all
207 | resigned since Mr. Krongard became Inspector General in 2005.
208 | As one current senior official told us, ``Joining Mr.
209 | Krongard's office was the worst mistake of my life.``

210 | Now, I know that the Republicans on this Committee take
211 | a different view on this matter. Today's hearing and Mr.
212 | Krongard's testimony will help us sort through the facts. I

213 | think we all understand the preeminent role the State
214 | Department now has in Iraq. The Department has to be
215 | operating on all cylinders if we have any hope of achieving
216 | real and lasting political reconciliation in Iraq. Countless
217 | lives and billions of dollars are at stake. There is no
218 | margin for error. That underscores why Mr. Krongard's office
219 | is so essential, why it needs to meet the highest standards
220 | and why this hearing is so important.

221 | I want to now recognize Mr. Shays, who is sitting in for
222 | Mr. Tom Davis, the Ranking Member of the Committee, and is
223 | acting on his behalf, and I want to yield him time for his
224 | statement.

225 | [Prepared statement of Chairman Waxman follows:]

226 | ***** INSERT *****

227 Mr. SHAYS. Thank you, Mr. Chairman.

228 Mr. Krongard, welcome to Congress. I just want to say,
229 before I read my statement, you have been trashed by this
230 Committee. They sent a 14 page letter to you and released it
231 to the press. All were accusations and allegations, and now
232 you have a time to respond. Regretfully, there aren't as
233 many members on our side of the aisle here yet, but I am sure
234 this Committee will be fair to you, and I want you to take
235 every one of those allegations and deal with them as you
236 will.

237 Here we go again: oversight by accusation and personal
238 attack. Today, the Committee is not assessing the State
239 Department Inspector General, as advertised. We will not be
240 conducting an evidence-based appraisal of Inspector General,
241 IG, Howard Krongard or the office he runs. Instead, we will
242 ask to focus on a litany of salacious allegations in the
243 futile hope loud repetition will do what exhaustive
244 investigation so far has not: confer legitimacy on unproven
245 conclusions. It is another sad example of the majority's
246 high-profile, low-proof approach to oversight that yields far
247 more ranker than reform.

248 This so-called investigation also confirms an
249 unfortunate penchant by the Committee to leap to political
250 convenient conclusions before looking carefully at witnesses
251 who happen to be saying what the majority wants to hear. One

252 | whistle-blower at a previous hearing turned out to have a
253 | past so checkered his motives and veracity were highly
254 | suspect. But easily discoverable evidence undermining his
255 | credibility was overlooked in the Committee's unseemly haste
256 | to advance its anti-Administration narrative.

257 | Here, again, information from several whistle-blowers
258 | forms the basis of the Chairman's charges that the State IG
259 | interfered with ongoing investigations out of political
260 | loyalty to the State Department and the White House, censored
261 | damaging inspection and audit reports, and prevented
262 | investigations into allegations of wrongdoing in Iraq and
263 | Afghanistan.

264 | But in responding to questions on the record after those
265 | allegations had been made public, not one of the so-called
266 | whistle-blowers had any direct evidence to support claims of
267 | political manipulation. Nor did they provide information to
268 | substantiate the alleged dereliction of duty by the IG. They
269 | disagreed with the IG's judgment, but that alone does not
270 | make those judgments wrong or corrupt. One whistle-blower
271 | said his conclusions about Mr. Krongard's political leanings
272 | was nothing more than a hunch.

273 | It is telling none of those whistle-blowers will testify
274 | today. It is telling none of those whistle-blowers will
275 | testify today. Their absence speaks volumes about the lack
276 | of substance behind this investigation, but their response to

277 | specific questions about the Chairman's charges are contained
278 | in a Republican staff report being released today. That
279 | report attempts to bring some balance to this discussion of
280 | how the State Department Office of Inspector General operates
281 | under Mr. Krongard. I ask that that be made part of the
282 | hearing record today.

283 | Chairman WAXMAN. Without objection, that will be the
284 | order.

285 | [The information follows:]

286 | ***** COMMITTEE INSERT *****

287 Mr. SHAYS. That more balanced view has to include the
288 fact the State Department IG has been institutionally weak
289 and conflicted for many years due to limited funding, the
290 demands of a mandatory global embassy inspection program, and
291 a prolonged turf struggle with State diplomatic security
292 services over fraud enforcement.

293 Add to that dysfunctional mix Krongard's mercurial, some
294 might even say abrasive, management style, and the stage was
295 set for complaints by disgruntled investigators to be
296 amplified and exploited as political feeder.

297 When you get right down to it, Mr. Krongard's personal
298 style seems to be the only issue here today. But earlier
299 this year the Government Accountability Office recommended a
300 broad reassessment of State IG staffing, greater use of
301 audits over inspections, and other steps to protect the IG's
302 essential independence. Those should be the questions
303 pursued by this Committee, questions about capacity and
304 performance, not water cooler gossip and personality
305 conflicts.

306 No inspector general should have his or her basic
307 integrity and critical independence undermined by political
308 second-guessing here in this Congress or in the Executive
309 Branch. I hope we can move beyond these shallow, drive-by
310 assaults on political targets and focus this Committee's
311 considerable resources and reputation on addressing the

312 | deeper challenges to effective and efficient Government.

313 | [Prepared statement of Mr. Shays follows:]

314 | ***** COMMITTEE INSERT *****

315 Chairman WAXMAN. Thank you, Mr. Shays.

316 Without objection, all members will be permitted to
317 enter opening statements into the record.

318 We are going to hear from Mr. Krongard. I want to ask
319 unanimous consent that the questioning be started off with 10
320 minutes controlled by the Chairman and 10 minutes controlled
321 by Mr. Shays.

322 Mr. Krongard, we want to welcome you to our hearing
323 today. It is the practice of this Committee that all
324 witnesses that testify do so under oath, so I would like to
325 ask you if you would rise and please raise your hand.

326 Do you solemnly swear that the testimony you will give
327 before the Committee will be the truth, the whole truth, and
328 nothing but the truth?

329 [Witness answer in the affirmative.]

330 Chairman WAXMAN. The record will indicate that the
331 witness answered in the affirmative.

332 You have given us a prepared statement, and that will be
333 made part of the record in full. We would like to ask you,
334 if you would, to give us your oral presentation. We will
335 have a clock that will indicate when five minutes are up.
336 There will be a yellow light indicating the last minute and
337 then a red when five minutes is up, but I will not enforce
338 the five minute rule. We do want to hear from you. We would
339 like to ask you to be mindful of the time constraints so all

340 | members will have an opportunity for questions.

341 | Mr. SHAYS. Mr. Chairman?

342 | Chairman WAXMAN. Yes, Mr. Shays.

343 | Mr. SHAYS. Given that he is the only witness and you
344 | have a litany of charges, I do hope you will be very generous
345 | in allowing him to make his comments.

346 | Chairman WAXMAN. I think that makes sense, and we will
347 | certainly do that.

348 | Mr. SHAYS. Thank you.

349 | Chairman WAXMAN. Mr. Krongard.

350 STATEMENT OF THE HONORABLE HOWARD J. KRONGARD, INSPECTOR
351 GENERAL, U.S. DEPARTMENT OF STATE

352 STATEMENT OF HOWARD J. KRONGARD

353 Mr. KRONGARD. I had planned to stay pretty close to the
354 five minutes, so I will not go much over it, but thank you,
355 Chairman Waxman, Congressman Shays, members of the Committee.

356 I come before you today voluntarily and anxious to
357 respond to inaccurate allegations regarding my performance as
358 Inspector General of the Department of State.

359 By way of background, prior to May 2005, I had never
360 been involved in Government service. I was a lawyer for 40
361 years in the private sector, with 23 years experience as
362 counsel for Big Eight and Big Six international accounting
363 firms, where I analyzed and defended many audits. Based on
364 my experience, I was asked, in 2004, without seeking it or
365 even being aware of it, to take on the job of Inspector
366 General at the State Department. That position had been
367 vacant for some time.

368 At 65 years of age, I came to office with no aspiration
369 for any further position and with no agenda other than to do
370 the best job I could of carrying out the specific mission
371 prescribed for me by senior management at the State

372 | Department at that time, namely, to restore the capabilities
373 | of an IG office that had fallen into disrepair and was known
374 | to have dissension and rivalries, and to make it more
375 | efficient, more professional, and more relevant to a dynamic
376 | post-9/11 world environment.

377 | In view of the allegations that I have politicized the
378 | office, have acted from partisan political ties, and believe
379 | my foremost mission is to support the Bush Administration, I
380 | should point out that I have never had any political ties
381 | whatsoever. I have never been involved in any political
382 | party activities; I have never worked in a political
383 | campaign; I have never been a major contributor to any one
384 | party; and I do not recall even making a political
385 | contribution since the year 2000. When I was considered for
386 | and offered the IG job, I had never met or spoken to the
387 | President or any other person in the White House. And even
388 | today, after two and a half years in office, with the
389 | exception of a person I had known from working for a
390 | volunteer organization long before coming to Washington, I
391 | still have never met or spoken with the President or any
392 | other person in the White House.

393 | Mr. Chairman, at the time I was awaiting the
394 | confirmation process and had the natural apprehension as to
395 | whether I should take on a job I knew very little about, I
396 | read your persuasive report on the politicization of the

397 | inspectors general and I thought I was very much the kind of
398 | person you were looking for.

399 | In the course of carrying out my mission to restore the
400 | capabilities of OIG and to make it more efficient,
401 | professional, and relevant, I sometimes clashed with a
402 | minority of people in OIG who were resistant to change, who
403 | had grown comfortable with a leaderless organization, or who
404 | may not have had the high level of skills or commitment
405 | needed in today's changing environment. These clashes were
406 | unfortunate, but I need to emphasize that I never allowed
407 | them to affect my judgment as to which jobs were to be
408 | undertaken or where resources should be allocated.

409 | A recurring theme in the allegations leveled at me is
410 | that I have impeded investigations that agents in OIG wanted
411 | to conduct. I want to say in the strongest terms that I have
412 | never impeded any investigation. Without getting into the
413 | specifics of any particular investigation, suffice it to say
414 | there are many times when experience and capabilities,
415 | benefits to be achieved, likelihood of success, availability
416 | of other investigative bodies to do the same work, available
417 | resources, both financial and human, and possibly conflicting
418 | parallel proceedings have to be weighed in determining
419 | whether a particular investigation proposed by someone in INV
420 | or OIG can or should be undertaken and, if so, when. I have
421 | tried to make these determinations as best I can, with the

422 objective of making OIG as effective, efficient, and relevant
423 to the current world as I can. Expecting to be informed of
424 investigations undertaken by OIG, asking for useful work
425 plans to support the, and taking care to avoid conflicts and
426 coordinate efforts with other work being done by others, both
427 inside and outside OIG, does not constitute obstruction.

428 With respect to the allegations of trafficking in
429 persons at the new embassy compound, I did what I thought was
430 best in those circumstances. I went to the Multi-National
431 Force-Iraq Inspector General, the recognized leader in the
432 field of inspecting camps in Iraq, and I urged them to add
433 the new embassy compound construction worker camp to the many
434 worker and guard camps they were already inspecting. The
435 work MNF-I IG did was significantly more extensive than my
436 own, but it corroborated my preliminary observations. I
437 believed then, and I believe now, that MNF-I IG was
438 objective, experienced, and the most efficient and effective
439 way for OIG to test the credibility of the many allegations
440 to determine what, if any, further work was appropriate.
441 MNF-I IG has taken great offense at the mischaracterization
442 of their work, and I share their feelings.

443 In closing, let me share with you what I wrote to every
444 member of OIG on May 2, 2007, the second anniversary of my
445 swearing in: ``As I begin my third year, I urge each of you
446 to reflect on what we have accomplished under very difficult

447 | circumstances, to take pride in your work and view each
448 | product you participate in as going out with your name on it,
449 | and to give me your support as we go forward.

450 | I also ask you, frankly, to make an effort to reduce
451 | some of the static that interferes with the harmony we would
452 | like to achieve. We have enough challenges to focus on
453 | without spending energy in rivalries between functional
454 | offices, the front office and staff, and Foreign Service and
455 | Civil Service, or in rumoring, back-biting, and complaining.
456 | Obviously, some of that is unavoidable human nature,
457 | especially in Government and in any limited resource
458 | environment.

459 | Nevertheless, let's do our best to keep this to a
460 | minimum, to recognize things will never be perfect, to
461 | understand that all decisions cannot please all people, and,
462 | most of all, to keep our eye on the ball that keeps us all
463 | here: to make OIG, the State Department, BBG, and the Federal
464 | Government better places, more efficient organizations, and
465 | more effective in accomplishing their objectives.''

466 | Thank you, sir, and I would be pleased now to respond to
467 | any questions the Committee may have.

468 | [Prepared statement of Mr. Krongard follows:]

469 | ***** INSERT *****

470 Chairman WAXMAN. Thank you.

471 Mr. KRONGARD. Sir, I would make a comment, if I could,
472 because one thing just came up that really does bother me,
473 and that was an allegation concerning my brother. I can tell
474 you very frankly I am not aware of any financial interest or
475 position he has with respect to Blackwater. It couldn't
476 possibly have affected anything I have done because I don't
477 believe it. And when these ugly rumors started recently, I
478 specifically asked him. I do not believe it is true that he
479 is a member of the advisory board that you stated, and that
480 is something I think I need to say.

481 Chairman WAXMAN. Okay. Thanks.

482 Well, Mr. Krongard, I gave an opening statement and in
483 it I summarized a number of significant issues that I wanted
484 to discuss this morning. But I want to start by asking you
485 about new information we have received regarding a series of
486 conflicts you have had with the Department of Justice.

487 On January 18th, 2007, the Justice Department requested
488 assistance from your office investigating allegations of
489 construction problems at the new Baghdad embassy. According
490 to John DeDona, the head of your investigations division, the
491 Justice Department was seeking assistance in obtaining
492 contract files, contract records, payment invoices, and
493 inspection reports. But on January 23, you directed your
494 investigators to stand down on this and not assist.

495 | The Committee asked the Justice Department about this
496 | and they told us they called you personally to ask for
497 | assistance in locating contract documents and locating and
498 | interviewing witnesses. The Justice Department informed the
499 | Committee that you gave them different reasons for your
500 | refusal. First they said you claimed there were other
501 | pending matters involving First Kuwaiti. What other matters
502 | involving First Kuwaiti were you referring to?

503 | Mr. KRONGARD. Sir, at that time, both myself and MNF-I
504 | IG had conducted our onsite work and were in the course of
505 | preparing reports, and I told the representative of the
506 | Justice Department of that work and I did tell him that I
507 | obviously couldn't control the timing of his work, but I said
508 | that if that could wait until those two pieces of work were
509 | completed and the reports issued, it would preserve the
510 | independence of those without possibly suggesting that either
511 | MNF-I IG or myself was in any way affected by--

512 | Chairman WAXMAN. Those reports were about labor
513 | trafficking.

514 | Mr. KRONGARD. And that is what--

515 | Chairman WAXMAN. What the Justice Department asked you
516 | about was information about contracting, possible criminal
517 | actions with regard to the contracting itself.

518 | Mr. KRONGARD. Sir, I differ with that. The scope of
519 | work that the person from the Justice Department called me

520 | about--and I believe some of this is under seal, so I am a
521 | little bit--it is hard for me to express other than the scope
522 | was far broader than what you have just said and did include
523 | the trafficking issues.

524 | Chairman WAXMAN. You are talking about your
525 | investigation is under seal or the Justice Department?

526 | Mr. KRONGARD. No, his, the Justice Department's.

527 | Chairman WAXMAN. Okay, but you told the Justice
528 | Department you couldn't give them the contracting information
529 | and cooperate with their investigation on contracting abuses
530 | that might involve criminal activities because you were doing
531 | your own investigation. Your own investigation was on labor
532 | trafficking and, therefore, you didn't want to give them the
533 | information on the other issue until you completed your
534 | investigation. Is that your position?

535 | Mr. KRONGARD. No, sir, it is not. There were actually
536 | three things that the Justice Department was talking about.
537 | They were talking about conducting interviews, having
538 | representatives from my staff conduct interviews for or with
539 | them; they were talking about obtaining documents from the
540 | State Department; and they were talking about these issues
541 | regarding the conduct of the workers at the new embassy
542 | compound, which, by the way, was the essence of what started
543 | their work. Their work expanded from that.

544 | With respect to--

545 Chairman WAXMAN. Let me read to you something that came
546 out in our report that I want you to react to. One internal
547 e-mail sent in January 2007 reported that the Justice
548 Department was seeking help from the Inspector General in
549 investigating billing for work done improperly or
550 incompletely, theft of materials and labor, and alleged
551 corruption of a State Department official overseeing contract
552 performance. Now, that should have been a high priority.
553 They are looking at criminal actions, they want your help,
554 and you are telling them, no, I can't help you, I have got
555 other things going on.

556 According to the Committee's investigation, you had
557 already refused to allow your investigators to open a case.
558 There were no audits underway and we could identify no other
559 investigation at the time this Justice Department request was
560 made. The Justice Department also informed the Committee
561 that you said this was not the sort of thing the Office of
562 Inspector General did, and it would be a conflict for the OIG
563 to be investigating those complaints and conducting a law
564 enforcement investigation.

565 Is it your position that there is some provision of law
566 that prohibits your office from assisting the Justice
567 Department?

568 Mr. KRONGARD. Sir, you have made a lot of statements. I
569 wonder if I could--I was trying to write down ones. Can I

570 comment as I have them?

571 Chairman WAXMAN. Well, my question to you that I want
572 you to answer is do you believe there is some prohibition in
573 law from your cooperating with the Justice Department and
574 helping them when they are asking for your assistance?

575 Mr. KRONGARD. Absolutely not. In fact, I try and
576 cooperate with the Justice Department as much as I can, and I
577 applaud their efforts. What happened here, as soon as we
578 were able to find out what it was they were doing and segment
579 what we could and couldn't assist them with because of
580 resource and other qualifications, I did do exactly what you
581 have just asked, and I gave them the Deputy Assistant
582 Inspector General for Audits, together with another person,
583 that were given to them to work with them to accomplish the
584 very objectives they wanted to accomplish.

585 Chairman WAXMAN. Well, your own investigators had a
586 different view. This is how one of your investigators
587 responded to the news that you had refused the Justice
588 Department request: ``Wow. As we all know, this is not the
589 normal and proper procedure. When looking at the IG Act, DOJ
590 and PCIE guidelines, and the OIG community as a whole, we are
591 supposed to work under the direction of the USAODOJ. I am
592 stunned. I hope you documented the orders that were provided
593 to you. Wow.''

594 In fact, the Committee has identified at least three

595 | other occasions in which the Justice Department came back to
596 | you and asked for assistance on this investigation. In May,
597 | the Justice Department sought your assistance obtaining
598 | invoices and inspection records on whether blast-proof walls
599 | in the embassy had been constructed properly. In June, the
600 | next month, the Justice Department sought your assistance
601 | obtaining documents pertaining to another First Kuwaiti
602 | contract. And in July the Justice Department requested
603 | assistance in getting a copy of two cables mentioned in a
604 | front-page article in The Washington Post regarding
605 | construction problems at the embassy. In all of these cases
606 | you refused their requests.

607 | You have also apparently resisted the Justice
608 | Department's efforts to investigate whether Blackwater was
609 | engaged in arms smuggling in Iraq. On July 10th, John DeDona
610 | sent an e-mail notifying you that his office would be working
611 | with the Justice Department on this. John DeDona works at
612 | your Office of Inspector General. The next day you ordered
613 | Mr. DeDona and his team to stop immediately. You then
614 | directed Mr. DeDona to arrange a personal briefing for you
615 | from the Justice Department and you told him he could not
616 | proceed in any manner until the briefing takes place. After
617 | you received that briefing, you agreed to allow one of your
618 | investigators to assist, but you then assigned your
619 | congressional and public relations director to oversee his

620 | actions, although she had no law enforcement background. You
621 | described her as your alter ego and directed her to provide
622 | you with operational awareness.

623 | You halted an investigation, demanded a personal
624 | briefing from the Justice Department, assigned your
625 | congressional affairs director to keep tabs on the
626 | investigation. Do you agree that these steps were highly
627 | unorthodox?

628 | Mr. KRONGARD. No, sir, I do not. You have made a lot
629 | that is very hard for me to respond. Let me take the last
630 | one first, which is I believe you used the name Blackwater.
631 | In early July, Stuart Bowen, the Special Inspector General
632 | for Iraq Reconstruction, asked for the assistance of my
633 | office in conducting an audit of two Blackwater contracts.
634 | We agreed to do that and we were already beginning. The
635 | initial cooperation that we were rendering was the collection
636 | of data, the collection of information--

637 | Chairman WAXMAN. Do you feel that helping Mr. Bowen
638 | meant that you shouldn't be helping the Justice Department?

639 | Mr. KRONGARD. Sir, let me finish, if I can. I think,
640 | yes, I do, until it is cleared up.

641 | I came in, actually, I believe it was the following
642 | morning, after Mr. Bowen and I had completed all of our
643 | arrangements for the cooperation, and at 7:30 in the morning
644 | I found an e-mail from Mr. DeDona telling me for the first

645 | time of an investigation that was long down the road in which
646 | our investigators were assisting U.S. attorneys in a criminal
647 | investigation of two Blackwater contracts.

648 | And when I looked at the papers, they were the exact
649 | same two. They have a string of numbers, about nine letters
650 | and numbers long. They were the exact two contracts that we
651 | were already assisting a civil audit, and I was immediately
652 | concerned that for us simultaneously to be assisting a
653 | criminal investigation into the exact same two contracts that
654 | we were already assisting a civil audit into raised questions
655 | of parallel proceedings which needed to be de-conflicted
656 | before one infected or contaminated the other.

657 | Chairman WAXMAN. Well, let me interrupt you by saying
658 | that what you are talking about was an audit of contracts.
659 | This was a totally different matter, a criminal investigation
660 | into arms smuggling. And the Justice Department says they
661 | still haven't received the documents they were seeking four
662 | months ago through your office. This is how the Justice
663 | Department summarized your actions: ``At this juncture, we
664 | cannot determine all of the ramifications of the IG's
665 | conduct, but some of his actions have certainly impacted the
666 | investigation. For reasons that remain unclear, the line IG
667 | agents, who have broad power to obtain documents and other
668 | evidence relevant to any investigation they are conducting,
669 | have been forced to funnel requests within their own agency

670 | through a congressional and public relations official, and
671 | this is not the usual practice.''

672 | So it seems to me you are making a lot of judgments as
673 | to who ought to get information and help from your office,
674 | and it seems to me you have given a very low priority to the
675 | Justice Department involving criminal actions that they are
676 | investigating and deciding whether to pursue.

677 | Mr. KRONGARD. Sir, I have a different view of what
678 | happened. First of all, the contracts were exactly the same
679 | two contracts; those were the contracts that the criminal
680 | investigation was going forward with. Number two, I did not
681 | institute a delay. I said immediately. That e-mail that has
682 | been floating around for a long time cuts off the part that
683 | says until I can get a briefing from the AUSA, and I made
684 | myself available immediately by telephone. I did not expect
685 | them to come up to visit me. I didn't expect anything other
686 | than an immediate phone call so I could tell them of these
687 | conflicts that I was facing, because I needed to have them
688 | know.

689 | Now, as far as what they have said or what someone has
690 | said they said, I don't know. I can only go by what they
691 | said to me. And, sir, after that meeting, I received a
692 | letter from the chief of the criminal division of that U.S.
693 | Attorney's Office in which he said: ''Thank you for taking
694 | the time to meet with deputy criminal chief so-and-so and me

695 | earlier this week when we were in Washington. We appreciate
696 | the frank exchange of views and information. We will remain
697 | cognizant of the issues you raised and will work closely with
698 | you and your staff to move this matter forward in the most
699 | expeditious way possible. Your decision to allow your case
700 | agent to continue to work on this matter will make that much
701 | easier. Again, thank you for your time and interest in this
702 | matter. With kindest regards, I am.''

703 | Sir, I think that I helped de-conflict the issue. I
704 | made available to them the best young investigator I had, and
705 | this idea that I put a congressional and public affairs
706 | person in charge is simply untrue. What happened was the
707 | data collection assistance that was being rendered for SIGIR
708 | was being done by the person who normally does the data
709 | collection. That happens to be the person who is the
710 | Congressional and public affairs person.

711 | Since the same contractual materials was being sought by
712 | the U.S. attorney in the other matter, I said to her and to
713 | him she can just make double copies of what she is making for
714 | SIGIR and give it to you. So she was not doing any
715 | investigative--I had the special agent who was assigned to
716 | them doing that--and her role was simply collecting and
717 | gathering data.

718 | Now, as to whether that has been produced, I really
719 | don't know. I put in to the process a program to obtain

720 | those materials. I suspect, as usual, that there are
721 | concerns from diplomatic security, which is the resident
722 | agent for these papers, and what gets shown and what gets
723 | produced, but I really don't know whether it has been
724 | produced or not. I know that this person has been working
725 | hard to satisfy the concerns and needs for information of
726 | both the SIGIR and the U.S. Attorney's Office, and those were
727 | my instructions.

728 | Chairman WAXMAN. Thank you, Mr. Krongard.

729 | I am going to turn over the time now to Mr. Shays, but I
730 | do want to point out what you have said to us contradicts
731 | what almost everybody else has said.

732 | Mr. Shays.

733 | Mr. SHAYS. Thank you.

734 | Mr. Krongard, the Chairman has given you time to answer
735 | questions, but when he throws five charges at you at once,
736 | you would have to be a genius to remember all of them, and I
737 | just hope that people in this hearing room don't make the
738 | assumption because you didn't deal with five charges at once
739 | and respond to them, that they don't have answers.

740 | We tried to figure out what are the accusations of this
741 | Committee, so we are going to have questions about partisan
742 | Republican motivations, too close to the State Department
743 | allegations, financial statement audit, the embassy compound,
744 | the Karl Rove charge, censures of inspector reports, weapons

745 | smuggling matter, counterfeit computers, financial audit,
746 | refusal to produce documents, the travel charge, abrasive
747 | management style; and in the end I think it is going to come
748 | down to your management style.

749 | But let me just go through--even though you had it in
750 | your statement, I want to go through and at least deal with
751 | one of these issues and get it off the table, and then we
752 | will get on to the next, and I want to deal with the
753 | allegations of a partisan Republican motivation.

754 | First, to what extent do you believe your mission at IG
755 | is to support the Bush Administration?

756 | Mr. KRONGARD. Absolutely not, sir.

757 | Mr. SHAYS. To what extent have you been involved in
758 | politics or contributed any money to a political campaign
759 | during your adult life?

760 | Mr. KRONGARD. I have not been involved in any political
761 | activities. I have given contributions, which, according to
762 | the records that have been made public--and I think they are
763 | accurate--I have not made any contribution ever to the
764 | current President or since 2000. Prior to that--

765 | Mr. SHAYS. My understanding is the last contribution you
766 | gave was to Bill Bradley.

767 | Mr. KRONGARD. I may have made a contribution in the
768 | course of attending a function put on by the Republican
769 | Senatorial Campaign, I believe something like that. I think

770 I attended one of their functions.

771 Mr. SHAYS. Before 2000?

772 Mr. KRONGARD. It was before 2000.

773 Mr. SHAYS. Have you ever met or spoken to President

774 George Bush or any of his senior staff?

775 Mr. KRONGARD. No, sir.

776 Mr. SHAYS. You have never met him?

777 Mr. KRONGARD. No, sir.

778 Mr. SHAYS. And you have never spoken to any of his

779 senior staff?

780 Mr. KRONGARD. I don't know where senior cuts off, but

781 there is a person who recently joined who I had known long

782 ago when we were both on the board of a nonprofit public

783 awareness entity, and I knew him then. I have not seen him,

784 but he is--

785 Mr. SHAYS. Do you have any relationship or connection

786 with other people in the Bush Administration?

787 Mr. KRONGARD. No, sir, none.

788 Mr. SHAYS. Have you ever been to a White House function

789 at any time during this Bush Administration?

790 Mr. KRONGARD. Sir, I don't think I have ever been in the

791 White House except as a tourist.

792 Mr. SHAYS. Do you have any relationships or connections

793 with or financial interests in State Department contractors

794 which might be the subject of an OIG work?

795 Mr. KRONGARD. No, sir, I do not.

796 Mr. SHAYS. When making decisions about the work of the
797 OIG, have you ever taken political considerations into
798 account?

799 Mr. KRONGARD. No, sir, I have not.

800 Mr. SHAYS. When making decisions about the work of the
801 OIG, have you ever been influenced by a desire to protect the
802 Bush Administration?

803 Mr. KRONGARD. No, sir.

804 Mr. SHAYS. When making decisions about the work of the
805 OIG, have you ever been influenced by a desire to protect a
806 particular company?

807 Mr. KRONGARD. No, sir.

808 Mr. SHAYS. Do you have any idea why someone would allege
809 that you have any political motivation or that you are
810 corrupt, or both?

811 Mr. KRONGARD. Yes, sir, I do have reasons to believe why
812 people would do that.

813 Mr. SHAYS. And in a short sentence or two, explain what
814 you think they are.

815 Mr. KRONGARD. Well, sir, it is no secret that I came
816 into--I took on a mission to come in and try and repair
817 something that had been in a bad way. I knew from the
818 beginning that that was going to put me into conflict with
819 some people who were resistant to change, were resistant to

820 | what I was trying to accomplish, and I did make some enemies.
821 | And the people that have been interviewed by this Committee
822 | are not the entire OIG and they are not the universe, and
823 | while the large percentage of their sample may be very much
824 | against me, there are people in the OIG who supported what I
825 | did.

826 | Mr. SHAYS. Okay, let me say that that was the basis for
827 | the Chairman's 14-page letter, and the reason why we are
828 | releasing this document is those individuals came before our
829 | Committee and we questioned them. So we say the partisan
830 | political affair allegations, did you have any awareness of
831 | those before they were outlined in this letter? I mean, well,
832 | I can't say no, I can't really answer that.

833 | Further questions: do you believe the Inspector
834 | General's mission is to support the Bush Administration? I
835 | could not say that, no. We asked no direct evidence, not
836 | that I know of. I have no knowledge one way or the other.

837 | This is what these individuals were all saying to these
838 | questions, these allegations they made. Then, when we put
839 | them under oath--and the reason they are not here is they
840 | would be put under oath. So you have had to deal with,
841 | frankly, you have had to deal with gossip, not people
842 | willing, under oath, to make these charges.

843 | I would like to yield the balance of my time to Mr.
844 | Issa.

845 Mr. ISSA. I thank the gentleman.

846 I am going to pick up a little bit there. Now, you were
847 general counsel to Deloitte, right?

848 Mr. KRONGARD. Yes, sir.

849 Mr. ISSA. And it is pretty tough to be the pinnacle of
850 an organization like that, filled with career auditors and
851 accountants and lawyers, isn't it?

852 Mr. KRONGARD. It is a challenge.

853 Mr. ISSA. These are smart people who sometimes do a good
854 job, but, if they don't, they are certainly very good at
855 explaining themselves when they don't do a good job, isn't
856 that true?

857 Mr. KRONGARD. Truthfully, yes.

858 Mr. ISSA. Okay. So you have kind of undersold yourself
859 a little bit ago. You talked about 40 years of not having
860 the right experience, but it seems to me like the selection
861 of you for this job and your acceptance made you uniquely
862 qualified to oversee career auditors who either do a good job
863 or do a good job of telling people they do a good job.

864 Mr. KRONGARD. Yes, sir.

865 Mr. ISSA. When you arrived, essentially, was the latter
866 more true, that there were a lot of people who were very good
867 at explaining how good they were, but the results at the
868 State Department over literally decades had been abysmal when
869 it came to accountability? Wasn't that true?

870 Mr. KRONGARD. I think that is fair.

871 Mr. ISSA. Okay. During your tenure, one of the things
872 that the Chairman has repeatedly come back to, in July, was
873 the not yet occurred, but the possibility of cost overruns on
874 the Iraq embassy, even though it is on time and on budget
875 and, in fact, there are blue dots everywhere where they are
876 fixing the things that the contractor didn't do. Wouldn't
877 you say that when it came to auditing by anybody, that
878 auditing a large project in a combat zone was a unique task
879 that, at best, sending people over there would have had a
880 limited ability to really get to the bottom of it? I mean,
881 you made a decision not to essentially let auditors endlessly
882 go over there to look at a building but, rather, made them
883 focus on shortcomings and limited their trips to Iraq, isn't
884 that true?

885 Mr. KRONGARD. To be very candid, sir, it was in some
886 ways the reverse. I wanted auditors to go. I instituted
887 three jobs which required auditors to go. I am talking about
888 auditors now, not investigators or inspectors. And in each
889 case the jobs had to be cut short or canceled because the
890 auditors refused to go to Iraq.

891 Mr. ISSA. Because--

892 Mr. KRONGARD. I did not have auditors willing to go to
893 Iraq.

894 Mr. ISSA. Because, in fact, it is a combat zone.

895 Mr. KRONGARD. Yes, sir.

896 Mr. ISSA. You know, I am going to make a quick
897 statement, and one that is not intended to help you or hurt
898 you, but Iraq is a unique situation. We haven't had an
899 ambassador in charge of a war zone in modern history. We
900 normally leave a general in charge of a war zone and bring
901 the ambassadors in when the conflict is over. If we did what
902 we had done in every other situation, this embassy would be
903 built under the Corps of Engineers and the State Department
904 wouldn't have oversight. Isn't that sort of a historic fair
905 statement?

906 Mr. KRONGARD. It predates me, but it confirms my
907 understanding, yes.

908 Mr. ISSA. Would it surprise you to know that a few
909 hundred feet from here a building of a lesser size is going
910 to costs more money? The Capitol Visitors Center has been
911 seven years plus in the making; was already underway when
912 September 11th hit; is not finished today; will not be done
913 for a year; will be at least three and a half years; no
914 combat zone, with the possible exception of the change in
915 administration here; but, in fact, that it is a half billion
916 dollars and, to be candid, they won't tell us why it takes a
917 year after completion before there is any chance of
918 occupancy.

919 Would you say that the Capitol Visitors Center and the

920 embassy in Iraq have some similarities, or is it in fact that
921 the embassy in Iraq, in spite of everything--being in a
922 combat zone, being impossible to get auditors and
923 investigators and so on to want to go to--that, in fact, it
924 appears at this point to be like any large construction
925 project and simply is going through the making the vendor do
926 their job after the fact? And we are not talking about the
927 human trafficking, I am just talking about the project
928 itself.

929 Mr. KRONGARD. As far as I know, I don't know anything
930 different. I don't know much since I was last there in
931 September, but as of September that seemed like a fair
932 comparison.

933 Mr. ISSA. Okay, the only reason is this is our third
934 hearing where that center is the center of attention, and it
935 is sort of amazing that something which, as far as we know,
936 is still on time and on budget is investigated, while the
937 Capitol Visitors Center seems to be beneath investigation, as
938 it is beneath the Capitol.

939 My time is disappearing quickly, but you have had a
940 tough job. You have had a style that has been accused of
941 being abrasive, but you appear to have made some change. I
942 want to give you an opportunity, though, to talk about the
943 two seats that are not there today, the two Justice
944 Department people who would make unofficial, unsworn

945 | statements and then not be here to answer questions. I don't
946 | want you to disparage them, but I want you to talk about what
947 | you believe the correct role is of your investigations versus
948 | their investigations; where you assist and where you continue
949 | doing your own investigations, because that seems to be the
950 | legitimate subject here, of when do you simply stand down and
951 | hand everything to them, and when do you continue your
952 | investigations.

953 | Mr. KRONGARD. Sir, if I can just correct. The Justice
954 | Department information, as I know, came through last night.
955 | I heard about it for the first time last night. So when you
956 | are talking about the two empty seats, I am not sure if you
957 | are talking about the investigators from my staff who were
958 | the principal motivators or whistle-blowers, whatever it is,
959 | or the Justice Department people. I am not aware that the
960 | Justice Department is disparaging me.

961 | Mr. ISSA. Mr. Chairman, could we have those records made
962 | part of the record so that we could actually have all of us
963 | see the actual accusations that you alluded to in your
964 | statement? I think it is certainly of public interest.

965 | Chairman WAXMAN. I want to inform the gentleman that the
966 | Justice Department provided the Republican staff with the
967 | same information that was provided to us, so you have the
968 | same information.

969 | Mr. ISSA. Mr. Chairman, then can I, without objection,

970 | submit it for the record?

971 | Chairman WAXMAN. We will take it under submission. There
972 | are some issues the Justice Department raised with both of
973 | our staffs.

974 | Mr. ISSA. So you are objecting to it going into the
975 | record, even though it has been alluded to here, Mr.
976 | Chairman?

977 | Chairman WAXMAN. Well, I will--I don't want to object,
978 | but I don't want to agree to it, so I will temporarily object
979 | and we will consider to review the matter.

980 | Mr. ISSA. Thank you. I will let the gentleman continue.

981 | Mr. KRONGARD. I will try and answer the Justice
982 | Department in generalities, because there are some specific
983 | investigative concerns that I believe the Justice Department
984 | has. And this will go back, in part, to what the Chairman
985 | was saying before. I never refused the Justice Department
986 | assistance at any time. I asked for them to tell me what it
987 | was they needed and I wanted to tell them the parallel
988 | proceedings that I was involved in. I wanted to make sure
989 | that I had the resources. Remember, the Justice Department
990 | is used to dealing with agencies around Government that have
991 | large numbers of investigators. At any one point in time I
992 | have something like seven, eight, ten, twelve total
993 | investigators.

994 | I was shocked, when I came into this office, to learn

995 | that of the 29 members or 28 members of the PCIE, which
996 | include agencies like TVA and Railroad Retirement Board and
997 | things that you don't think of as being law enforcement
998 | agencies, the State Department OIG ranked 23rd in the number
999 | of investigators. I came in to an organization that
1000 | historically was audit and inspection focused by law. The
1001 | Foreign Service Act of 1980, which mandates the OIG to
1002 | inspect on a five-year cycle all embassies and missions
1003 | around the world, 275 of them. So investigations takes
1004 | approximately 10 percent of our personnel and 10 percent of
1005 | our resources.

1006 | So in dealing with the Department of Justice, I had to
1007 | make sure that they understood that we had limited
1008 | experience, limited resources, and if a person was already
1009 | working on one Justice Department matter when we were doing,
1010 | on these very same things, three and four--the new embassy
1011 | compound had at least three different Justice Department
1012 | divisions doing investigations. So when I spoke to them, I
1013 | was trying to de-conflict, coordinate, and make sure that the
1014 | resources were available.

1015 | Now, granted--

1016 | Chairman WAXMAN. Mr. Krongard, Mr. Shays has a quick
1017 | question of you, then we are going to move on.

1018 | Mr. KRONGARD. Sure.

1019 | Mr. SHAYS. I just want to clarify one point. So the

1020 | issue about cooperation with Justice, Justice was actually
1021 | asking that some of your personnel be directed under their
1022 | management to almost, in a sense, detail them with the
1023 | Justice Department for a period of time?

1024 | Mr. KRONGARD. Not almost. In the one that we are
1025 | talking about regarding the major contractor, that person
1026 | was, in effect, assigned to them. And as I understand one of
1027 | their complaints last night, they are very upset that that
1028 | person who, again, is one of my best people and the only
1029 | person that had been willing to go to Iraq, has taken on
1030 | another assignment.

1031 | Mr. SHAYS. So you were basically objecting to losing one
1032 | of your seven people and wondering, I would think, why they
1033 | couldn't detail their own people, instead of your people,
1034 | when you only have seven.

1035 | Mr. KRONGARD. Well, the latter. I was wondering why
1036 | they couldn't detail their own. But it wasn't that I was
1037 | concerned about detailing them; I was happy to help, and the
1038 | letter I read to you says that I did that. The problem was
1039 | when another investigation has come up and that gentleman has
1040 | gone to Iraq, I understand that they are now unhappy that he
1041 | has left their investigation to do a different investigation.

1042 | Mr. SHAYS. It is called opportunity cost.

1043 | Mr. KRONGARD. Sorry?

1044 | Mr. SHAYS. It is called opportunity cost. If you have

1045 | used a person one way, you can't use them somewhere else.

1046 | Thank you, Mr. Chairman.

1047 | Chairman WAXMAN. Well, that, of course, is a leading
1048 | question you were just asked, but it seems to me if you have
1049 | people working on the issue that Justice Department is
1050 | seeking information about, you should share the information
1051 | with the Justice Department, rather than say they have to go
1052 | through your congressional liaison person before they have
1053 | any contact with the people who are doing the work for the
1054 | OIG.

1055 | I am going to move on to others.

1056 | Mr. ISSA. Mr. Chairman?

1057 | Chairman WAXMAN. I am going to move on to others. The
1058 | time has expired. But I do also want to make one other
1059 | comment. We have had complaints from the Republicans that we
1060 | don't have the people to testify before our Committee here to
1061 | testify again. All of the witnesses that testified under
1062 | oath in the depositions were subject to cross examination by
1063 | the Republican lawyers, as well as our staff, and we are
1064 | going to be releasing the transcripts of those depositions.
1065 | So it isn't that we didn't have those witnesses here to
1066 | testify again.

1067 | Mr. SHAYS. Mr. Chairman, why wouldn't you have them come
1068 | before the Committee so the public could hear their responses
1069 | and we could ask them questions? They are the ones who made

1070 the allegations.

1071 Chairman WAXMAN. The people that made the allegations
1072 were subject to cross examination; they testified under oath.
1073 If they--

1074 Mr. SHAYS. Not before this Committee.

1075 Chairman WAXMAN. If the gentleman would permit. They
1076 testified before this Committee's deposition under oath. If
1077 they lied under oath, they are subject to criminal penalties,
1078 and that should just be understood.

1079 Mr. Cummings.

1080 Mr. CUMMINGS. Thank you very much, Mr. Chairman.

1081 Mr. Krongard, it is good to see you. I note two very
1082 interesting things: that you speak very much about
1083 de-conflicting, so you have a sensitivity to conflicts,
1084 obviously; and, second, I note that before the Chairman asked
1085 you questions, but after your statement, you gave us some
1086 additional information about your brother, Buzzy Krongard,
1087 and what you said is, to your knowledge, he had no financial
1088 interest and he did not sit on the board of Blackwater, is
1089 that correct?

1090 Mr. KRONGARD. Yes, sir.

1091 Mr. CUMMINGS. Well, let's look at that real quickly. One
1092 of the biggest scandals to hit the State Department in recent
1093 memory has been the lack of accountability for Blackwater
1094 USA. Last month, the Secretary of State testified before

1095 | this Committee that for more than four years there has been a
1096 | hole in the law that allows Blackwater to escape criminal
1097 | liability for killing innocent Iraqi civilians. Just today,
1098 | papers reported that Federal agents investigating the
1099 | September 16th episode, in which Blackwater security
1100 | personnel shot and killed 17 Iraqi civilians, have found that
1101 | at least 14 of the shootings were unjustified and violated
1102 | deadly force rules in effect for security contractors in
1103 | Iraq.

1104 | Your role as Inspector General is to investigate waste,
1105 | fraud, and abuse in the State Department, but your office has
1106 | not completed any investigation into Blackwater activities.
1107 | Although there is a Justice Department investigation
1108 | underway, you have taken several unorthodox steps that
1109 | delayed or impeded that investigation, such as requiring a
1110 | personal briefing from the Justice Department and requiring
1111 | all investigative documents to go through your congressional
1112 | affairs director.

1113 | I am trying to understand why you are so reticent about
1114 | investigating Blackwater. I would like to show you a letter
1115 | the Committee obtained and ask you to comment on it. This
1116 | letter was sent from Erik Prince, the CEO and Founder of
1117 | Blackwater. He shared that letter on July 26th, 2007. Mr.
1118 | Prince sent this letter to Alvin ``Buzzy`` Krongard, your
1119 | brother. The letter invites him to serve on Blackwater's

1120 Worldwide Advisory Board. This is what Mr. Prince says. He
1121 says--and this is Mr. Prince to your brother, the one that
1122 you said isn't involved with Blackwater. He says, ''Being a
1123 member of the Blackwater Worldwide Advisory Board will
1124 provide you with a stellar opportunity to continue to support
1125 security, peace and freedom. Your experience and insight
1126 would be ideal to help our team determine where we are and
1127 where we are going.''

1128 Mr. Prince's letter goes on to explain that the main
1129 purpose of the board is to provide leadership advice about
1130 the path the company should follow.

1131 Now, here is a second document. This is a September 5th
1132 e-mail that Erik Prince sent to your brother. It says,
1133 ''Welcome and thank you for accepting the invitation to be a
1134 member of the board.''

1135 My question is this: Did you know that your brother,
1136 Buzzy Krongard, is on Blackwater's advisory board?

1137 Mr. KRONGARD. Sir, I dispute that. As far as I know,
1138 that is not correct. This is--you asked me to comment on
1139 this letter. Sir, my brother served honorably as a captain
1140 in the United States Marine Corps. He served as the
1141 Executive Director of the CIA. He has been involved in a lot
1142 of activities involving security, so it is no surprise that
1143 someone like Erik Prince would invite him to continue to
1144 support security, peace, and freedom.

1145 There is nothing in here that suggests that my brother
1146 accepted this July 26th invitation. What you have now shown
1147 me is an e-mail from Erik Prince to a large number of people
1148 that I assume were all people who received this. I don't see
1149 anything in here that suggests my brother accepted or
1150 attended, and, as far as I know, he did neither.

1151 Mr. CUMMINGS. Well, let me go on, then, because I do
1152 think the letter indicates that he did accept. But, Mr.
1153 Krongard, this is one of the most high profile issues facing
1154 the State Department, and your testimony today is that you
1155 didn't know your own brother is on the Blackwater board. I
1156 find that very difficult to believe.

1157 Let me ask you this. Mr. Krongard, do you know where
1158 your brother is this week? Do you know?

1159 Mr. KRONGARD. No, sir, I don't.

1160 Mr. CUMMINGS. According to this e-mail, Mr. Prince
1161 invited your brother to be at a board meeting to discuss
1162 strategic planning, and this meeting is taking place right
1163 now in Williamsburg, Virginia, this week, as we speak. Staff
1164 contacted the hotel to speak to your brother and the hotel
1165 confirmed that he was scheduled to be there. Did you know
1166 that?

1167 Mr. KRONGARD. No, sir, I do not.

1168 Mr. CUMMINGS. So, now, if your brother is a board
1169 member, which you said he is not, but if he is, would you

1170 consider--I know you are sensitive to conflicts. Would you
1171 agree that you should recuse yourself from anything dealing
1172 with Blackwater investigations?

1173 Mr. KRONGARD. Yes, sir, and that was why--first of all,
1174 by the nature of my brother's work, you should understand
1175 that we have never discussed his work or my work. So I had
1176 no reason to even think that he had any involvement with
1177 Blackwater. But when these things surfaced, I called him and
1178 I asked him directly. He has told me he does not have any
1179 involvement, he does not have any financial interest. If you
1180 are telling me that he does, absolutely I would recuse
1181 myself.

1182 Mr. CUMMINGS. You will recuse yourself?

1183 Mr. KRONGARD. Absolutely.

1184 Mr. CUMMINGS. Immediately.

1185 Mr. KRONGARD. Absolutely.

1186 Mr. CUMMINGS. Thank you.

1187 Chairman WAXMAN. The gentleman's time has expired.

1188 Mr. McHenry?

1189 Mr. MCHENRY. I thank the gentleman for being here today.
1190 This is just another series of what I refer to as drive-by
1191 oversight. You were before this Committee in July, I
1192 believe. Five months later you are brought back to rehash
1193 the very same questions you were asked in July. Thank you
1194 for your patience.

1195 But, again, there are numerous accusations just in the
1196 Chairman's opening statement leveled at you. What is
1197 interesting is, if these accusations, which were laid out in
1198 July, if any of this stuff the Chairman believes or the
1199 majority believes is true, then this Committee is called
1200 Oversight and Government Reform. In the previous Congress it
1201 was Government Reform and Oversight. Just a matter of
1202 emphasis between the two parties. So this Committee has been
1203 all about oversight in Committee hearings like this, but
1204 there has been no recommendation from this Committee in this
1205 Congress for any type of government reform to fix these
1206 accusations and these problems.

1207 So let me go a little further here. There are
1208 accusations about Blackwater. Is there an inspector general
1209 that deals with Iraq?

1210 Mr. KRONGARD. Yes, sir, SIGIR.

1211 Mr. MCHENRY. A Special IG for Iraq.

1212 Mr. KRONGARD. Yes, sir.

1213 Mr. MCHENRY. Does the Special IG--and I know there are a
1214 number of issues related to this, but does the Special IG
1215 look into accusations about Blackwater?

1216 Mr. KRONGARD. Yes. As I said before, he is conducting
1217 an audit with our assistance of some Blackwater contracts,
1218 the same ones that are the subject of the criminal
1219 investigation.

1220 Mr. MCHENRY. Does that Special IG also deal with the
1221 embassy in Iraq?

1222 Mr. KRONGARD. In some ways, yes; in some ways, no. It
1223 depends on what the issue would be.

1224 Mr. MCHENRY. Okay. All right. But we have had
1225 testimony from a number of different folks. There are
1226 between 10 and 12 entities that are dealing with the issues
1227 pertaining to the embassy, is that correct?

1228 Mr. KRONGARD. Yes, sir.

1229 Mr. MCHENRY. To ensure that the product is delivered,
1230 correct?

1231 Mr. KRONGARD. Yes.

1232 Mr. MCHENRY. All right. What is the contract that is
1233 being used right now for the building of the embassy, is it a
1234 fixed price contract?

1235 Mr. KRONGARD. There are eight principal contracts. I
1236 think all of them were fixed price. And to get back, if I
1237 can use a second of your time to tell the Chairman that was
1238 saying, back in January there were no audits, we actually
1239 did. I had requested an audit, that is still in process, of
1240 the manner in which those contracts were let and whether they
1241 complied with Federal contracting law and regulations, and
1242 that audit has been going on since, I believe, January.

1243 Mr. MCHENRY. All right, thank you. In regards to the
1244 U.S. embassy, how much oversight and investigation is too

1245 | much? You know, when you have 10 to 12 different entities
1246 | doing the same thing, do you think that there is this tipping
1247 | point? You know, one of your assistant inspector generals
1248 | that Mr. Shays mentioned is John DeDona. He was deposed and
1249 | he said there were 10 to 12 different entities pursuing
1250 | embassy-related issues.

1251 | Now, it would seem to me that there was some true need
1252 | for government reform here when you have 10 to 12 different
1253 | groups looking at similar, if not the same, thing. Is there
1254 | some level of streamlining that we should look at?

1255 | Mr. KRONGARD. Sir, I hesitate to tell you how to--you
1256 | are so much better at doing your job than I am.

1257 | Mr. MCHENRY. Fourteen percent of the American people
1258 | agree.

1259 | Mr. KRONGARD. At the end, sir, there are two things I
1260 | can suggest that have to do with Government reform in this
1261 | area, but I don't want to take your time on that.

1262 | Mr. MCHENRY. No, absolutely. Go right ahead.

1263 | Mr. KRONGARD. Well, some of you may be aware that the
1264 | Subcommittee on International Organizations, Human Rights,
1265 | and Oversight of the Committee on Foreign Affairs had a
1266 | hearing about a week or ten days ago also concerning my
1267 | office, and I did a lengthy response to them, and in the
1268 | course of that I did make two--I won't call them suggestions,
1269 | but I raised two issues that I do think need to be

1270 | considered, and they were things that had bothered me from
1271 | the day I took this office. The first was the Foreign
1272 | Service Act of 1980, which mandates the inspections of
1273 | embassies around the world and has historically created my
1274 | office as an inspection-oriented office first, an
1275 | audit-oriented office second, and almost as an afterthought,
1276 | an investigatory body. In fact, the Committee reports of the
1277 | Foreign Service Act of 1980 are replete with statements about
1278 | how unique this office was and how different it was from the
1279 | normal IG office, which was audit and investigation. So that
1280 | was one thing I suggested be considered.

1281 | The second thing I have been puzzled about and I
1282 | suggested in my letter to Mr. de la Hunt that be considered
1283 | is why BBG does not have its own inspector general, because
1284 | all of the time that people talk about the resources that I
1285 | have as Inspector General of the State Department, I am also
1286 | Inspector General of the Broadcasting Board of Governors with
1287 | worldwide issues for them, and I don't get a single extra
1288 | penny or person to do that. And Corporate for Public
1289 | Broadcasting has an IG and other comparable bodies have an
1290 | IG, so I just think maybe this Committee would consider that
1291 | as well.

1292 | Chairman WAXMAN. Thank you.

1293 | Mr. McHenry, your time has expired.

1294 | Ms. Watson?

1295 Ms. WATSON. I want not thank you, Mr. Chairman, and I
1296 want Mr. Krongard to know I take my position on this
1297 Committee very seriously. I was a member of the State
1298 Department, did head up an embassy, and we need to put a
1299 laser beam on the activities in our embassies around the
1300 globe. If your brother is currently at the hotel in
1301 Williamsburg, Virginia, sitting on the board, would you
1302 repeat that you would recuse yourself?

1303 Mr. KRONGARD. Immediately.

1304 Ms. WATSON. Okay. Then maybe you want to do it today.

1305 Mr. KRONGARD. Recuse myself from anything having to do
1306 with Blackwater, yes. I mean, I wouldn't step down.

1307 Ms. WATSON. Blackwater. Yes, that is what I am
1308 referring to. He is sitting on the Blackwater. I understand
1309 he is in the hotel; he has checked in the hotel. You might
1310 want to follow up on that.

1311 Mr. KRONGARD. Well, if he is there for that meeting as a
1312 member of that committee. He may be there to tell them he is
1313 not joining. I don't know.

1314 Ms. WATSON. Okay, now, remember you are on the record.

1315 Mr. KRONGARD. Yes, ma'am.

1316 Ms. WATSON. Okay. And you know what today's date is.

1317 Mr. KRONGARD. Yes.

1318 Ms. WATSON. Okay. Will you recuse yourself from any
1319 inquiries, audits, or investigations your office conducts

1320 regarding Blackwater?

1321 Mr. KRONGARD. Absolutely.

1322 Ms. WATSON. Okay, we have it on the record.

1323 Now, your office has faced major setbacks in retention
1324 and recruitment during your tenure as Inspector General, and
1325 maybe it is because they were incompetent, and that is what
1326 this Committee is all about. We try to sort out what is fact
1327 from what is fiction and gossip. We seek the truth, and the
1328 truth has no (R) or (D) or (I); the truth is the truth. So
1329 don't feel you are being badgered. We are asking you so you
1330 can tell us what your truth is as you know it.

1331 Now, since you became IG in 2005, a significant number
1332 of your senior managers have resigned: the Assistant IG for
1333 Investigations, the Deputy Assistant IG for Investigations,
1334 the Deputy Assistant IG for Audits, the head of the Office
1335 for Information, Technology, and Counsel to the IG; and the
1336 head of the Audit Division told our investigators the rate of
1337 turnover in his division is 20 percent to 30 percent per
1338 year. Can you comment on that and can you get us closer to
1339 what the facts really are?

1340 Mr. KRONGARD. Yes, and thank you for allowing me to
1341 speak the facts. The facts are that when I came into office,
1342 of the seven assistant inspector general level positions,
1343 five were vacant. This is nothing new. This office has been
1344 in disrepair. I think one of the good things I have done is

1345 | to bring some good people in to the Office, and the people
1346 | that I have brought in, for example, you talk about counsel.

1347 | I believe we are talking about the same person. That
1348 | person was a wonderful person to come in. He was so well
1349 | suited, it took me a couple of months to entice him to come.
1350 | He came, he joined us, and he left in about six or eight
1351 | weeks for two reasons: one, we were not able to give him a
1352 | permanent SES position. The State Department did not have or
1353 | could not give me an SES position for someone who came from a
1354 | comparable SES position. So we had to do a temporary kind of
1355 | thing.

1356 | Secondly, when he realized that one of his major
1357 | assignments was to oversee the investigations group, which is
1358 | the group that is the subject matter of much of this, he
1359 | decided that he did not want to serve in that capacity,
1360 | especially in a temporary IG position. So my loss of my
1361 | counsel was a great loss to me.

1362 | Losing the AIG for Investigations and the Deputy AIG for
1363 | Investigations, again, is in part why we are here. They are
1364 | two gentlemen that I lost confidence in. I think for good
1365 | reason. I don't think it is necessary to go into this. But
1366 | I finally, after two years, confronted each of them with my
1367 | loss of confidence. I asked each of them if they would stay
1368 | at the same pay grade and do the kinds of things they had
1369 | originally trained to do in special-agent-in-charge positions

1370 | or some other position of their choice, but to give up their
1371 | management positions as assistant and as deputy--

1372 | Ms. WATSON. All right, let me just interrupt you because
1373 | my time is almost up.

1374 | Mr. KRONGARD. Sure.

1375 | Ms. WATSON. It is being said about your leadership and
1376 | the Department which you head that your actions have created
1377 | an abusive and hostile environment that led to low morale and
1378 | the staff to exiting, and there are many statements that we
1379 | have. I don't have time to read because we have got to go to
1380 | the floor and vote. But can you describe for us--and I think
1381 | the Chair might allow us an intermission to go and vote--

1382 | Chairman WAXMAN. Get his response, then we are going to
1383 | break.

1384 | Ms. WATSON. All right, thank you.

1385 | Mr. KRONGARD. And, again, thank you for--

1386 | Ms. WATSON. Can you describe for us what those comments
1387 | really mean? What was so hostile about the environment?

1388 | Mr. KRONGARD. Let me say, in all honesty, that my
1389 | experiences in my prior life to this, the 40 years in the
1390 | private sector, my athletic experiences, all the things I
1391 | have done in life really didn't prepare me well for what I
1392 | found in OIG, and I have not handled it as well as I wish I
1393 | could have handled it. I was used to, as one of the
1394 | gentlemen said before, professionals. I never even worked

1395 | for a corporation. I have only worked for four professional
1396 | partnerships, two of the leading accounting firms in the
1397 | world and two of the leading law firms in the world, where
1398 | the trust among partners was very strong, and when you could
1399 | count on what they would say. And if you needed to disagree
1400 | with someone, everyone understood that you had the same
1401 | mission, to make the product of the firm better. So there
1402 | wasn't the personal affront when you tried to change what
1403 | somebody was doing or correct it.

1404 | That didn't prepare me for what I found where people
1405 | didn't have the same level of trust with each other; where
1406 | there were great rivalries between offices within our
1407 | organization, between the Foreign Service people and the
1408 | Civil Service, and I found myself particularly unable to deal
1409 | with situations where I didn't think I was being dealt with
1410 | honestly and fairly, where I was being given answers that
1411 | were implausible. And, in response, yes, I have been brusque;
1412 | I have been shrill; I have been hard on people. I think
1413 | abusive may be strong because I don't intend to abuse
1414 | anybody--

1415 | Ms. WATSON. Okay, let me get to--I have got to go, but
1416 | if I send you these statements, would you respond to them in
1417 | writing? I will send you the statements. I would like to
1418 | get the response in writing.

1419 | Thank you so much, Mr. Chairman.

1420 Chairman WAXMAN. Thank you, Ms. Watson.

1421 Mr. Krongard, we have four votes on the House floor. We
1422 are going to recess until 12:10. I think we will be ready at
1423 that point to reconvene the hearing. So we are going to
1424 stand in recess.

1425 [Recess.]

1426 Chairman WAXMAN. The meeting of the Committee will come
1427 back to order.

1428 I would like to now recognize Mr. Platts.

1429 Mr. PLATTS. Thank you, Mr. Chairman. I would like to
1430 yield my time to Mr. Shays.

1431 Mr. SHAYS. Thank you.

1432 Mr. Waxman, I need to confirm with your own staff, and
1433 you may want to consult with them, but, first off, we would
1434 have a conceptual disagreement about witnesses that have come
1435 before the staff to respond to questions and whether that is
1436 adequate to constitute information to this Committee. I
1437 think people who make charges should have to face the public
1438 and should have to face Committee members. But you said that
1439 these individuals were sworn in, and I think that is an
1440 incorrect statement. The OIG whistle-blower named in your
1441 September 18th letter and three others making allegations
1442 against the IG were not deposed. They were not under oath
1443 when questioned by Committee staff; they were simply
1444 interviewed and the interview was transcribed. They were not

1445 | sworn. That is my understanding, and I think you said they
1446 | were sworn and that it should be adequate. If they were
1447 | sworn in, I would like to have that confirmed, but I would
1448 | like the record corrected if they were not sworn in.

1449 | Chairman WAXMAN. If the gentleman would yield to me, I
1450 | am looking to see if my staff could further inform about this
1451 | matter, whether the witnesses were sworn in.

1452 | [Pause.]

1453 | Chairman WAXMAN. As I understand it, we did a
1454 | combination. Some were depositions and some were interviews.

1455 | Mr. SHAYS. Could--

1456 | Chairman WAXMAN. If I might finish. But even if it were
1457 | an interview, someone testifying in an interview was subject
1458 | to examination by the Republican staff, and if they lied in
1459 | an interview it would be also a violation of criminal law in
1460 | impeding and obstructing an investigation by Congress.

1461 | Mr. SHAYS. Would the staff review the OIG
1462 | whistle-blowers named in the September 18th letter and the
1463 | three others making allegations against the IG? We
1464 | understand were not deposed and were not under oath. I would
1465 | like to have them give us the names of each of these
1466 | individuals, if they would, and tell us which ones were under
1467 | oath and which weren't. My understanding is none of them
1468 | were under oath.

1469 | Chairman WAXMAN. Well, I think you make a reasonable

1470 request, and we will provide for the record the people that
1471 were giving depositions and whether they were under oath in a
1472 deposition, or whether they were being interviewed, which, to
1473 me, also requires them to tell the truth or to be subject to
1474 criminal charges.

1475 Mr. SHAYS. Well, Mr. Krongard is under oath, sworn in
1476 publicly, and he has to face the music publicly, and I think
1477 it is an outrage that these individuals, I do not believe,
1478 were under oath and I don't believe they have to face the
1479 public or the questions that we have.

1480 So let me now ask you about a financial statement audit.
1481 Isn't it true that the State Department did not have a
1482 so-called clean financial statement at the time of the Office
1483 of Management and Budget's deadline for the Department's
1484 annual financial statement last year? Would that fact be
1485 clear to anyone who assessed the statement?

1486 Mr. KRONGARD. Yes, sir, there was.

1487 Mr. SHAYS. Isn't it true that you disagreed with just
1488 about all of your audit staff by allowing the Department
1489 additional time to provide some necessary information in the
1490 hopes of achieving an unqualified opinion, and can you
1491 explain?

1492 Mr. KRONGARD. Yes, sir. First of all, let me make it
1493 clear that the OIG does not conduct the audit of the
1494 Department's financial statements; there is an independent

1495 outside auditing firm that has been doing it for just about
1496 ever, I suppose, and the role of the OIG is limited to
1497 providing administrative and technical support. When--

1498 Mr. SHAYS. So let me just--I understand that you asked
1499 for the advice of officials from the Office of Management and
1500 Budget and the Government Accountability Office as to the
1501 priority of allowing the Department to provide information
1502 after the OMB deadline. Can you explain their response?

1503 Mr. KRONGARD. Their response agreed with the course of
1504 action that we took, and I would add--

1505 Mr. SHAYS. That you suggested.

1506 Mr. KRONGARD. Yes, sir. Could I just add that the
1507 American Institute of Certified Public Accountants was also
1508 consulted and agreed?

1509 Mr. SHAYS. When the clean audit was finalized in
1510 mid-December of last year, did you remove any trace of the
1511 qualified unclean opinion and replace it with a clean
1512 opinion, or did you make clear that the qualified report
1513 initially submitted on November 15th had been subsequently
1514 revised?

1515 Mr. KRONGARD. It was the latter, with the result that
1516 the State Department was hit twice with the bad news, the
1517 first report and the second report.

1518 Mr. SHAYS. So the bottom line is you didn't protect the
1519 Administration by waiting to get a clean report, you affirmed

1520 | what was suspected.

1521 | Mr. KRONGARD. Yes, sir, that is correct.

1522 | Mr. SHAYS. Finally, would you agree that there is a
1523 | benefit in providing full, fair, and accurate information to
1524 | the general public regarding the finances of the Federal
1525 | Government, rather than simply making available the
1526 | information that exists on November 15th, a sometimes
1527 | arbitrary, but nevertheless useful, end of the year deadline
1528 | imposed on agencies for submitting financial information?

1529 | Mr. KRONGARD. That states my concern perfectly.

1530 | Mr. SHAYS. Thank you.

1531 | Mr. KRONGARD. Sir, could I make a statement?

1532 | Chairman WAXMAN. Well, if it is in answer to a question;
1533 | otherwise, we are going to move on. Well, I don't want to be
1534 | unfair to you, so go ahead and make your statement.

1535 | Mr. KRONGARD. Yes.

1536 | Chairman WAXMAN. Ordinarily, your statement time was for
1537 | your statement.

1538 | Mr. KRONGARD. Well, this is in response to something I
1539 | think you found important.

1540 | During the break, I did contact my brother. I reached
1541 | him at home; he is not at the hotel. But I learned that he
1542 | had been at the advisory board meeting yesterday. I had not
1543 | been aware of that, and I want to state on the record right
1544 | now that I hereby recuse myself from any matters having to do

1545 with Blackwater.

1546 Chairman WAXMAN. I see. You indicated you had called
1547 your brother to ask him earlier whether he was on the board
1548 and he told you he wasn't.

1549 Mr. KRONGARD. That was about six weeks ago, and I was
1550 not aware. And this board meeting happened yesterday, and I
1551 found out just during the break that he had in fact attended
1552 yesterday.

1553 Chairman WAXMAN. Okay, thanks.

1554 Mr. Lynch?

1555 Mr. LYNCH. Thank you, Mr. Chairman and Ranking Member.

1556 I had some other questions about construction at the
1557 embassy, but I am going to let those go. Mr. Krongard, this
1558 change in your testimony that you are describing now, the
1559 discussions with your brother, is troubling and it raises a
1560 number of questions. I just want to be straight here.
1561 Earlier, you testified that you had spoken with your brother
1562 and he assured you that he was not on Blackwater's board.
1563 That was the testimony you made earlier. Now you have
1564 testified that he changed his mind, but he didn't bother to
1565 tell you, and I have some questions about the timing of all
1566 these conversations.

1567 I have a document here, and I believe you have been
1568 shown it as well. This is an e-mail. I will let you get it
1569 first. It is an e-mail to Erik Prince, the CEO of Blackwater,

1570 | from Gary Jackson, the Blackwater official who was setting up
1571 | the advisory board for Blackwater. He is discussing who the
1572 | likely candidates are for board members and he says--and this
1573 | is a quote from the e-mail--''Your list, I think, is Buzzy,
1574 | General Grange.'' The significant thing about this--Buzzy is
1575 | referring to your brother. The significant thing about this
1576 | e-mail is it is dated June 10th. So this e-mail shows that
1577 | Erik Prince had your brother, Buzzy, on his short list for
1578 | this board of advisers for Blackwater at least six weeks
1579 | before the formal invitation was sent on July 26th. Is that
1580 | correct?

1581 | Mr. KRONGARD. I don't know. I can't speak for this
1582 | e-mail.

1583 | Mr. LYNCH. Well, let me ask you this. When did you have
1584 | your first conversation with your brother about whether he
1585 | was affiliated with Blackwater?

1586 | Mr. KRONGARD. I only had one. And I should make clear,
1587 | as I tried to say, I am not my brother's keeper and we do not
1588 | discuss our business with each other.

1589 | Mr. LYNCH. No, no, no, but you are a witness here and
1590 | you have testified in the past, and you have got this body
1591 | relying on your testimony.

1592 | Mr. KRONGARD. And my testimony, I stand by it.

1593 | Mr. LYNCH. So if you are not your brother's keeper, you
1594 | need to say we don't know or something like that.

1595 Mr. KRONGARD. I didn't say--

1596 Mr. LYNCH. You can't say my brother is not on the
1597 Blackwater board.

1598 Mr. KRONGARD. As far as I knew, that was a correct
1599 statement then. It turns out it was the best knowledge that
1600 I had based on the only one conversation I had, which was--

1601 Mr. LYNCH. Okay, when was that? When was the date of
1602 your conversation with your brother about him being on the
1603 Blackwater board?

1604 Mr. KRONGARD. It was probably about five or six weeks
1605 ago. I can't tell you exactly when it was.

1606 Mr. LYNCH. Five or six weeks ago.

1607 Mr. KRONGARD. Early October, I guess. And that is a
1608 guess.

1609 Mr. LYNCH. And during that conversation what did he say?

1610 Mr. KRONGARD. The principal focus of the conversation
1611 was the rumor that was out at that point that he had--

1612 Mr. LYNCH. No, no, what did your brother say? That
1613 would be relevant to your testimony here.

1614 Mr. KRONGARD. That is what I am trying to say.

1615 Mr. LYNCH. Okay, please.

1616 Mr. KRONGARD. The principal focus of that conversation
1617 was the rumor that he had a significant financial interest or
1618 a financial interest in Blackwater. So the principal focus
1619 of our conversation was did he have a financial interest, and

1620 he assured me he did not.

1621 Mr. LYNCH. Did he say he was approached by Blackwater?

1622 Mr. KRONGARD. He may well have said he was approached by
1623 Blackwater, but, again, he is approached by a lot of people,
1624 so that didn't surprise me.

1625 Mr. LYNCH. Did he say he was taking some type of
1626 position with them?

1627 Mr. KRONGARD. No.

1628 Chairman WAXMAN. Would the gentleman yield?

1629 Mr. LYNCH. Six weeks ago would have been after the date
1630 that he received the formal invitation to sit on the board,
1631 is that correct?

1632 Mr. KRONGARD. That is correct. I don't know that he had
1633 accepted at that time or not. I just don't know.

1634 Mr. LYNCH. And it is actually in October. You are
1635 talking--well, I am trying to do this in reverse, but that
1636 would be after the date he accepted the position in
1637 September. You are saying you had this conversation with him
1638 in October. So he would have already been sitting on the
1639 board and--

1640 Mr. KRONGARD. I don't know that, because all I see is
1641 that the first meeting of the board was yesterday. So I
1642 don't see anything that suggests--

1643 Mr. LYNCH. I see where this is going.

1644 Mr. Chairman, I would just recommend that we ought to

1645 subpoena Buzzy and get him in here and testify as to his
1646 conduct and his conversation with his brother. Thank you. I
1647 yield back.

1648 Chairman WAXMAN. Would you yield to me? The gentleman
1649 has completed his questioning?

1650 Mr. LYNCH. I yield back, yes.

1651 Chairman WAXMAN. If you would yield to me.

1652 Did you tell your brother why you called him? Did you
1653 tell him that you were being called on as the Inspector
1654 General for the State Department to look into actions by
1655 Blackwater and you wanted to make sure that you didn't have
1656 anything that would amount to an appearance, even, of
1657 conflict of interest?

1658 Mr. KRONGARD. Yes. But the only thing that I knew that
1659 had been rumored was a financial interest. I didn't know
1660 anything about a board--

1661 Chairman WAXMAN. But you told him why you were asking.

1662 Mr. KRONGARD. Yes.

1663 Chairman WAXMAN. And he said that there was no reason
1664 for you to worry, in effect.

1665 Mr. KRONGARD. That was what I took from it.

1666 Chairman WAXMAN. And then he never bothered to call you
1667 back.

1668 Mr. KRONGARD. No.

1669 Chairman WAXMAN. Have you had a difficult relationship

1670 with your brother?

1671 Mr. KRONGARD. No. We have gone to great lengths to keep
1672 our professional experiences separate because of his position
1673 and because of my position.

1674 Chairman WAXMAN. Ms. Foxx?

1675 Ms. FOXX. Thank you, Mr. Chairman.

1676 It is my understanding that Chairman Waxman has stated
1677 you interfered with an ongoing investigation into the conduct
1678 of Kenneth Tomlinson, the head of Voice of America, by
1679 passing information about the inquiry to Mr. Tomlinson. Can
1680 you tell me did you specifically instruct your secretary to
1681 fax to Mr. Tomlinson's office confidential information from a
1682 whistle-blower, or did you simply ask your secretary to send
1683 Mr. Tomlinson the congressional inquiry received by your
1684 office?

1685 Mr. KRONGARD. To be factual, it is neither of those. I
1686 had no contact, never had any contact at all, either by fax,
1687 phone, or otherwise, with Mr. Tomlinson. I asked my
1688 assistant to fax the letter to Brian Conniff, the Executive
1689 Director of the Broadcasting Board of Governors, not to Mr.
1690 Tomlinson. And as soon as I learned the inadvertent event
1691 that took place, I took steps to recover that immediately.

1692 Ms. FOXX. Did you at any point discuss this
1693 Congressional inquiry with Karl Rove?

1694 Mr. KRONGARD. I have never met, spoken to, or been in

1695 | the presence of Karl Rove in my life.

1696 | Ms. FOXX. Did Karl Rove ever insert himself into your
1697 | office's investigation into the allegations against Mr.
1698 | Tomlinson?

1699 | Mr. KRONGARD. I have never heard of any such insertion.

1700 | Ms. FOXX. Do you believe that the accidental leak of the
1701 | whistle-blower allegations had a detrimental impact on your
1702 | office's effectiveness in investigating the claims against
1703 | Mr. Tomlinson?

1704 | Mr. KRONGARD. I don't believe so, and I would have no
1705 | reason to believe so, because when you really get down to it,
1706 | the information in there had been in the general public, had
1707 | been subject to investigations already. The date of that was
1708 | 2003. That in no way is meant to be an excuse for doing it
1709 | because it was totally inadvertent and it shouldn't have
1710 | happened, but as to whether it had any impact, I have no
1711 | reason to believe it had any impact. I also, after it
1712 | happened, told the Congressman in question what had happened,
1713 | and he didn't think it was any big deal either.

1714 | Ms. FOXX. Mr. Chairman, I would like to ask Mr. Krongard
1715 | to explain a bit, if he will, on a comment you made earlier
1716 | when I was here, about your experience in coming into this
1717 | job in comparison with your experience in the private sector,
1718 | when you talked a little bit about the problem in the offices
1719 | where people didn't seem to work as a team, where there was

1720 | competition. I don't think that people appreciate enough the
1721 | differences--@@

1722 | Mr. KRONGARD. I have thought a lot about this,
1723 | obviously, in the two-plus years I have been here. I would
1724 | divide it into two things, at least in my case, a culture
1725 | clash and an expectations gap. And they are two slightly
1726 | different things. In the culture clash, I brought with me
1727 | the experience that people could be openly critical of each
1728 | other, just as teammates are and partners are, with the idea
1729 | of making the product better. And let me hasten to say I am
1730 | not saying that the people in the private sector--I have been
1731 | accused of saying people in the private sector are better or
1732 | worse. That is not the case.

1733 | But in the private sector, in the partnership, the
1734 | professional partnership environment, you have clients that
1735 | are paying for the time and you have huge professional
1736 | liability if a product is less than perfect. Those two
1737 | things militate in favor of spending enormous amount of time
1738 | to getting to a high level of care in your confidence in the
1739 | product. I mean, I am talking about 99 percent care.

1740 | Because there is no client paying in the Government and
1741 | because you don't have the individual liability, there is
1742 | less of a threshold for care; it isn't the 99 percent that I
1743 | was accustomed to. So I came with an expectation that people
1744 | would really exchange freely criticism, there wasn't pride of

1745 | authorship, and that the whole objective was for the firm to
1746 | have a better product. Those things did not stand me well
1747 | because a lot of what I did was resented.

1748 | I will give you another naive on my part. I honestly
1749 | believe, because of my training in the private sector, when
1750 | you signed a legal opinion or an auditor's report, the
1751 | quality went in before the name went on. It was your
1752 | responsibility to be absolutely certain of what you were
1753 | saying and using the firm's name. So I believed that all of
1754 | the reports, the 100-plus reports that are issued each year
1755 | by my office, that they went out over my signature, I really
1756 | believed that I had a personal responsibility. I stayed up
1757 | hours reading every one of those and then making comments on
1758 | them. Well, that really surprised a lot of people and it
1759 | annoyed a lot of people.

1760 | So I did have discussions with the people in my office
1761 | and I recognized that I was expecting too much. But I also
1762 | recognized that the work product of OIG was in fact below
1763 | where it should be, particularly in the eyes of our
1764 | constituents. The history in the OIG was they really talk to
1765 | themselves and they talk to the State Department and they
1766 | talk to the ambassadors, and that is who they were writing
1767 | the reports for. I viewed our constituency as the Hill, OMB,
1768 | many other people, and we needed to be more responsive to
1769 | their needs, to have reports that were readable and

1770 understandable by them.

1771 So I used the expression, when I talk to my staff from
1772 time to time about this, let's meet halfway. I know I am
1773 expecting too much, but I think you have got to do better.
1774 And now that quote, let's meet half way, has somehow been
1775 turned against me as if it is something wrong. I still
1776 believe that concept. I know that I was being too hard. I
1777 know I was expecting too much. I know that my background led
1778 me to be demanding, and that was not always well received,
1779 particularly in an organization where I was specifically
1780 retained by the management of the State Department at that
1781 time and told, Howard, this is what we expect of you. This
1782 organization has not been responsive to the needs of the
1783 Department in this complex world, and we need some changes
1784 and we need your leadership.

1785 Ms. FOXX. Mr. Chairman, I would just like to say that,
1786 in a nutshell, I think he has pointed out what I have
1787 observed over and over and over again in these hearings and
1788 in my experience in Federal Government, that there is very
1789 little accountability and very little sense of responsibility
1790 for producing an outstanding result. Our Federal Government
1791 is broken. I think you have pointed this out again. It is
1792 broken because of the lack of intensity that we have
1793 throughout to do things right. We saw it in FEMA and
1794 Katrina, we see it everywhere, and somehow we have got to get

1795 | some accountability set up for individual members of this
1796 | Federal Government so they are held accountability.

1797 | We have put this man on the block--

1798 | Chairman WAXMAN. The gentlelady's time has expired.

1799 | Ms. FOXX.--and we are not doing anything to anybody
1800 | else.

1801 | Chairman WAXMAN. The gentlelady's time has expired.

1802 | The Chair now recognizes Mr. Higgins.

1803 | Mr. HIGGINS. Thank you, Mr. Chairman, for this very
1804 | constructive and substantial oversight of a very important
1805 | issue.

1806 | Mr. Krongard, the U.S. embassy in Baghdad is the most
1807 | expensive embassy ever built; \$600 million in contracts to
1808 | build this embassy were awarded to First Kuwaiti Trading and
1809 | Contracting Company. In July, this Committee held a hearing
1810 | in which General Charles Williams, the Director of Overseas
1811 | Building Operations for the State Department, testified that
1812 | ``the project is on schedule and on budget.'' But the
1813 | embassy did not open on time and has now been delayed
1814 | indefinitely due to serious construction problems, including
1815 | hundreds of violations of contract specifications and fire
1816 | safety codes, as well as problems with electrical wiring. A
1817 | fire inspection report obtained by this Committee concluded
1818 | that ``the entire installation is not acceptable.''

1819 | During the Committee's investigation, we identified

1820 numerous allegations regarding the embassy that came into
1821 your office. For example, your office received at least five
1822 hot line complaints regarding the embassy spanning from April
1823 of 2006 to July of 2007. Your office also received a letter
1824 in December 2006 detailing ``allegations that First Kuwaiti
1825 had defrauded the State Department through a variety of
1826 schemes.'' This person later e-mailed you directly and there
1827 is evidence that you spoke to this individual personally.

1828 In addition, the Special Investigator General for Iraq
1829 Reconstruction warned your office in May of 2007 that
1830 ``things are going to blow up'' at the embassy and
1831 ``important folks are involved.'' Despite all these
1832 allegations, you refused to allow any investigations into the
1833 Baghdad embassy.

1834 Mr. Krongard, why didn't you allow your investigations
1835 division to open any investigation into these claims? And I
1836 don't want to confuse the issue or have you characterize that
1837 an audit is an investigation. I want to be clear as to what
1838 kind of investigation I am talking about: that of a criminal
1839 nature relative to the construction of the U.S. embassy in
1840 Baghdad.

1841 Mr. KRONGARD. Sir, it is hard to answer that other than
1842 to say I never nixed any investigation. I only had--first of
1843 all, we had very limited number of investigators, as I say,
1844 seven, eight, ten, twelve, at any one time, but only one of

1845 | whom was willing to go to Iraq. I never turned down anything
1846 | that was well thought out or justified or supportable. That
1847 | is all I asked for in terms of approving investigations. I
1848 | never said that somebody couldn't open an investigation. I
1849 | made it clear all of the many different things we were doing.
1850 | And you are saying don't talk about audits and so on, but the
1851 | fact is we have done several audits, we have done several
1852 | inspections. In addition, if you are talking about the
1853 | trafficking in persons issues, I did tell people at the time
1854 | hold off on these until MNF-I IG and myself get our reports
1855 | completed and issued. So, as to that, we did do that.

1856 | There has been an investigation going on which I did
1857 | approve. The investigators, they may be back by now because
1858 | I am a little out of the loop, but they were there for some
1859 | six weeks or whatever it has been. So I don't think that I
1860 | have shut down anything. There have been recommendations
1861 | made to me from the investigators that I did not agree with,
1862 | and I could go into those, if you like.

1863 | Mr. HIGGINS. Mr. Krongard, your office did eventually
1864 | initiate an investigation, and this happened on September
1865 | 11th, one week after your office learned that this Committee
1866 | was investigating your failure to pursue these issues. Your
1867 | decision clearly came too late. Had you engaged earlier,
1868 | perhaps some of these critical deficiencies could have been
1869 | addressed before they erupted as they did.

1870 Mr. KRONGARD. Sir, I don't want to pick on dates, but
1871 you said September 11. I mean, I don't know these dates, but
1872 if you say that the investigation was open on September
1873 11th--because I was in Afghanistan at that time--this
1874 Committee's letter was dated September 18th, so it would be
1875 the reverse.

1876 Mr. HIGGINS. Okay, let me ask you this. The head of
1877 your investigations division, John DeDona, stated in an
1878 e-mail to your Deputy, Bill Todd, that ``Under the current
1879 regime, the view within Investigations is to keep working the
1880 BS cases within the Beltway and let us not rock the boat with
1881 more significant investigations.'' Is Mr. DeDona correct?

1882 Mr. KRONGARD. No, he is 180 degrees wrong, because we
1883 had this dispute many times. It was my view that
1884 investigations were not pursuing the really meaningful
1885 investigations: following the money, determining what U.S.
1886 big programs were doing around the world. My investigators
1887 tended to do time and expense sheets and I don't want to say
1888 petty, because they are important, but minor violations of
1889 people in embassies and one-off of visa fraud cases; whereas,
1890 I was trying to push them to do meaningful cases, such as
1891 visa fraud cases by companies and interlopers who were
1892 allowing large numbers of people to come into the Country
1893 illegally, which constituted a threat to national security,
1894 where they were doing cases where somebody imported some

1895 | product without paying \$15,000 worth of taxes or something.

1896 | So I would say that the dispute went the other way.

1897 | Chairman WAXMAN. The gentleman's time has expired.

1898 | Mr. Cannon?

1899 | Mr. CANNON. Thank you, Mr. Chairman. I think today we

1900 | got news that the State Department has made the point that

1901 | they are not going to send people to Iraq who don't want to

1902 | go to Iraq. Isn't it true that part of your problem here is

1903 | that you don't have people that will go to do investigations

1904 | in Iraq?

1905 | Mr. KRONGARD. Sir, you are correct. As I stated before,

1906 | two very important audit engagements had to be either

1907 | eliminated or redone simply because the auditors refused to

1908 | go to Iraq.

1909 | Mr. CANNON. That makes it sort of hard, right?

1910 | Mr. KRONGARD. It sure does.

1911 | Mr. CANNON. Are you happy with this policy of the

1912 | Department, not to send people where they don't want to go?

1913 | Mr. KRONGARD. Sir, that is beyond my competence. I am

1914 | not a policy--

1915 | Mr. CANNON. I am not happy with it. I think it really

1916 | actually is wrong and bad, and I love Duncan Hunter's

1917 | suggestion that we allow people who have been over there, who

1918 | know the culture and may have been injured while wearing the

1919 | uniform, to go back as diplomats. I think that might

1920 actually help our diplomatic corps significantly.

1921 Mr. Shays, I am pleased to yield to you, if you would
1922 like.

1923 Mr. KRONGARD. Sir, Mr. Shays, I know, has been a great
1924 person in terms of going to Iraq; he has been there many
1925 times. I have been there, I think, three times.

1926 Mr. CANNON. You have been there three times, right?

1927 Mr. KRONGARD. Yes, sir.

1928 Mr. CANNON. My sense is Mr. Shays has been there, like,
1929 18 times.

1930 Mr. KRONGARD. I remember.

1931 Mr. CANNON. If the gentleman would respond to a
1932 question. Are you the Congressman who has gone to Iraq the
1933 most?

1934 Mr. SHAYS. I don't know that, but I do know that when I
1935 go there, I learn a heck of a lot.

1936 And what I am struck with, Mr. Krongard, first off, I
1937 want to say this for the record. To have been in contact
1938 with your brother and to have your brother tell you that he
1939 was not involved in Blackwater, and then to find out at a
1940 hearing that he actually attended and then left, and to find
1941 out he is connected is a pretty outrageous thing. He has
1942 done you tremendous damage by that, the fact that your
1943 brother would say he is not involved. I would like to know
1944 do you have more than one family member, brother, sister,

1945 | sibling? How many siblings do you have?

1946 | Mr. KRONGARD. At this point in time I have one.

1947 | Mr. SHAYS. Wouldn't it make sense, given your position,
1948 | to have been up front with your brother, to say, since I
1949 | investigate everything the State Department does, I need to
1950 | know any contact that you have because I need to recuse
1951 | myself?

1952 | Now, the other argument could be don't tell me anything
1953 | you have because then I am not in conflict. But the problem
1954 | is nobody is going to believe you, frankly, and we can't just
1955 | say, they didn't tell me, but they are involved. If they are
1956 | involved, you need to recuse yourself, and you know that.
1957 | And it would strike me that what you would do is you would
1958 | say to your brother I know what you have done in the past, we
1959 | didn't talk, but now I have my job to do. I need to know
1960 | everything where I may have to potentially recuse myself.
1961 | Wouldn't that make sense?

1962 | Mr. KRONGARD. Yes, sir.

1963 | Mr. SHAYS. And I don't know what kind of conversation
1964 | you had with your brother when you were on the phone, but I
1965 | would be one pretty unhappy guy.

1966 | I would like to ask you, you have gone on record as
1967 | saying that you have had no contact with Karl Rove at all, so
1968 | we are dealing with that issue. Mr. Waxman said you
1969 | interfered with an ongoing investigation into the conduct of

1970 | Kenneth Tomlinson, the head of Voice of America and a close
1971 | associate of Karl Rove, by passing information about the
1972 | inquiry to Mr. Tomlinson. I would like to know why did you
1973 | pass information to Mr. Tomlinson?

1974 | Mr. KRONGARD. As I stated before, sir, I did not pass
1975 | anything to Mr. Tomlinson. I never had any contact, either
1976 | by fax, hone, or meeting, with Mr. Tomlinson.

1977 | Mr. SHAYS. So you have had no--

1978 | Mr. KRONGARD. That is correct, I have had no contact
1979 | with Mr. Tomlinson.

1980 | Mr. SHAYS. When you have to allocate--it is a little
1981 | unsettling, as well, for you to say you have five, six,
1982 | seven, nine, ten inspectors. How many investigators do you
1983 | have?

1984 | Mr. KRONGARD. Investigators. Well, it varies because we
1985 | have had people on medical disability. It has never been, I
1986 | think, more than, like, 13. In numbers, we sometimes--

1987 | Mr. SHAYS. What do you have now?

1988 | Mr. KRONGARD. Roughly--if you don't count the
1989 | administrative people, who only do--

1990 | Mr. SHAYS. Right.

1991 | Mr. KRONGARD. We have got about a dozen or so, 13,
1992 | maybe. I don't know, there is one that may still be on
1993 | medical leave, I am not sure.

1994 | Mr. SHAYS. Okay. And the issue is they are all involved

1995 | in particular investigations, is that not correct?

1996 | Mr. KRONGARD. That is correct. And they have differing
1997 | skills and experience, too.

1998 | Mr. SHAYS. And your issue is if you move them from one
1999 | place to another, then you are not going to have them conduct
2000 | an investigation that--you are going to get blamed no matter
2001 | what you do, just so you know. It is like a constituent of
2002 | mine who will say, Congressman, you haven't dealt with global
2003 | warming, you haven't dealt with the budget crisis, you
2004 | haven't dealt with the war in Iraq, and the list is as long
2005 | as they have. And, you know, they are right. I have to pick
2006 | and I have to choose. So the real issue is what is the
2007 | motivation behind your making a decision, and I think these
2008 | are very legitimate questions. Thank you.

2009 | Chairman WAXMAN. Thank you, Mr. Shays.

2010 | Mr. Braley, I think you are next.

2011 | Mr. BRALEY. Mr. Krongard, I want to follow up on the
2012 | very insightful comment that was just directed toward you by
2013 | the gentleman from Connecticut, and I want to focus a little
2014 | bit briefly on your background. You are a graduate of
2015 | Harvard Law School, correct?

2016 | Mr. KRONGARD. Yes, sir.

2017 | Mr. BRALEY. And you are a practicing lawyer.

2018 | Mr. KRONGARD. Yes, sir.

2019 | Mr. BRALEY. So like those of us who practice law, we

2020 | were subjected to ethical rules that included rules that
2021 | governed the appearance of impropriety.

2022 | Mr. KRONGARD. Yes, sir.

2023 | Mr. BRALEY. And the need to avoid the appearance of
2024 | impropriety. So you were familiar with that concept before
2025 | you went to Deloitte, correct?

2026 | Mr. KRONGARD. Yes.

2027 | Mr. BRALEY. And then when you went to become general
2028 | counsel at Deloitte, you not only had your legal background,
2029 | but you were general counsel to a firm that did auditing and
2030 | accounting that was subject to its own ethical guidelines
2031 | that also included prohibitions on avoiding the appearance of
2032 | impropriety, correct?

2033 | Mr. KRONGARD. Yes, sir.

2034 | Mr. BRALEY. And then, when you became the Inspector
2035 | General for the State Department, you were an employee of the
2036 | Executive Branch.

2037 | Mr. KRONGARD. Yes.

2038 | Mr. BRALEY. So you were subject to the standards of
2039 | ethical conduct for employees of the Executive Branch. Are
2040 | you familiar with those?

2041 | Mr. KRONGARD. Yes. Yes.

2042 | Mr. BRALEY. They are found in 5 C.F.R. 2635 and they
2043 | talk specifically about the need for Executive Branch
2044 | employees to avoid the appearance of impropriety.

2045 Mr. KRONGARD. Yes.

2046 Mr. BRALEY. Mr. Krongard, according to your Deputy, Bill
2047 Todd, who met with a State Department official--or, excuse
2048 me, you met with a State Department official in August of
2049 2007 who was implicated in potential criminal activity
2050 regarding to the embassy contract, and one day after the
2051 individual was interviewed by your audit division, you
2052 arranged a special meeting to speak with the individual
2053 privately.

2054 According to Mr. Todd, he personally advised you not to
2055 have the meeting, and here is what he told us: ``And Mr.
2056 Krongard said, until they are a subject, why can't I meet
2057 with them? And I said, because of the appearance of it. And
2058 he said, Bill, I have got to do my job, so he met with
2059 them.'' Do you remember that conversation?

2060 Mr. KRONGARD. Not specifically, no.

2061 Mr. BRALEY. Then three days after your meeting, that
2062 same individual who was the subject of that inquiry failed to
2063 show up at a scheduled meeting with the auditors. They were
2064 informed that he had returned to the Middle East and has not
2065 returned to the United States or made himself available for a
2066 follow-up meeting since.

2067 And this same Mr. Todd reported that you engaged in
2068 similar conduct involving another individual. When you left
2069 the United States on a trip to Iraq, this individual was a

2070 | ''person of interest'' in the Justice Department
2071 | investigation, and after you arrived in Baghdad, the
2072 | individual's status was changed to ''subject of
2073 | investigation,'' and Mr. Todd said he informed you of this
2074 | fact and advised you not to meet with the individual, stating
2075 | that it would be questioned by our investigators and would
2076 | give people cause to comment. Do you remember that
2077 | conversation?

2078 | Mr. KRONGARD. No, I do not. I don't know how it could
2079 | have taken place because I was gone at that time.

2080 | Mr. BRALEY. Well, this is conversation that took place
2081 | after you had arrived in Iraq. In this case, Mr. Todd went a
2082 | step further and asked the Justice Department to speak to you
2083 | directly, and, according to Mr. Todd, the Justice Department
2084 | did contact you and warned you not to conduct any witness
2085 | interviews while you were in Baghdad. Yet, despite these
2086 | warnings, several members of your staff told this Committee
2087 | that you spent several hours with this individual, and when
2088 | you returned to the United States, your investigators were so
2089 | concerned that you might taint their investigation that they
2090 | had specifically asked you not to tell them anything that you
2091 | had learned. Nevertheless, you sent one of those
2092 | investigators an e-mail outlining the substance of your
2093 | conversation with the individual. How do you explain those?

2094 | Mr. KRONGARD. Sir, I would like to go by, if we had the

2095 | time, one by one, each of them--and I didn't write each of
2096 | them down, but virtually every one of those I disagree with.
2097 | Let me take the most obvious, the Department of Justice.
2098 | When I planned my trip to Iraq, before I went to Iraq I was
2099 | aware of three Department of Justice investigations. I
2100 | called all three of them to tell them exactly what I was
2101 | doing, what I could do for them while I was over there, and
2102 | did they have any concerns about it. Two of them I spoke
2103 | with on the phone and one group I went over and met in
2104 | person. In fact, some of them really appreciated what I was
2105 | doing because they didn't know what each other was doing. I
2106 | knew more about what each of them were doing than they did.
2107 | So all three of those--and I can give you the names, all
2108 | three groups, because there was more than one involved from
2109 | each of those, I can tell you what groups from Justice they
2110 | were--they knew exactly what I was doing and, as I say, I
2111 | really asked them--and I have got records to show this--how
2112 | can I help you while I am there.

2113 | Mr. BRALEY. Has the Justice Department advised you to
2114 | recuse yourself from embassy investigation?

2115 | Mr. KRONGARD. Absolutely not. On the contrary. After I
2116 | had completed my work in Iraq with regard to the new embassy
2117 | compound--because that was only a small part of what I was
2118 | doing in Iraq--after I completed that, I got an e-mail that
2119 | was hard to understand, but it suggested--and it may be the

2120 | one you are talking about--it suggested that I should have no
2121 | witness interviews. And, by the way, I would like to tell
2122 | you what I was doing. These were not witness interviews, and
2123 | I would like to tell you what exactly I was doing both with
2124 | Mr. Golden and Ms. French. But when I got that, I was
2125 | troubled by that. So, from Iraq, I made contact with and
2126 | through my deputy--and I forget exactly how it happened, but
2127 | I spoke with a senior Justice Department official to ask him
2128 | am I reading this right, am I supposed to not be doing this
2129 | after talking with each of these people? And that person,
2130 | after checking on it and getting back to us, who is more
2131 | senior than any of the other people, told me exactly not,
2132 | that there was no problem with what I was doing.

2133 | Mr. BRALEY. So your testimony is that your deputy and
2134 | your entire office counsel did not advise you to recuse
2135 | yourself from the embassy investigation.

2136 | Mr. KRONGARD. I don't believe I was advised to recuse
2137 | myself, no, I don't.

2138 | Mr. BRALEY. Have you ever--

2139 | Mr. KRONGARD. But I have, by the way. Since I came back
2140 | and since the activities of this Committee, I have stepped
2141 | aside from that.

2142 | Mr. BRALEY. Have you formally recused yourself in a
2143 | public way so that people know you are no longer involved in
2144 | that investigation?

2145 Mr. KRONGARD. Well, I have sent e-mails to people. I
2146 have told people. I have told people in the State
2147 Department. I don't know what else--I don't do press
2148 releases, if that is what you are talking about.

2149 Mr. BRALEY. Are you announcing today that you have
2150 formally recused yourself, in front of this Committee, from
2151 any investigation into the embassy in Iraq?

2152 Mr. KRONGARD. When you say any investigation, I am not
2153 exactly sure. If you are talking about the one that--by the
2154 way, when you say I sent the agency, I didn't send the
2155 agency. In fact, I couldn't have. The agent was one of the
2156 whistle-blowers. If I had sent him to Iraq, I would have
2157 been accused of retaliatory comment. I discussed with him
2158 the opportunity to go not only for that, but to do something
2159 else that I had been working on there which he was very
2160 interested in. So I presented him with the opportunity;
2161 e-mails are replete with that. He decided what he wanted to
2162 do.

2163 Chairman WAXMAN. The gentleman's time has expired.

2164 There is something I don't understand. Why did you
2165 recuse yourself from the embassy involvement? The Justice
2166 Department didn't ask you to recuse yourself. Your brother
2167 is not working in any way that would involve you having a
2168 potential--why did you recuse yourself?

2169 Mr. KRONGARD. Because of the activities of this

2170 | Committee.

2171 | Chairman WAXMAN. Because of the investigation of this
2172 | Committee you decided you should recuse yourself?

2173 | Mr. KRONGARD. No, sir. You instructed me in the letter
2174 | not to have any communications with the people who were being
2175 | interviewed by you and not to allow any communications
2176 | between them, and I wrote you back saying that was of great
2177 | concern to me because it paralyzed our office. What
2178 | effectively we did was to sort of keep me out and not to have
2179 | communications among all of our senior people on the specific
2180 | issues but you raised. But your request was even broader
2181 | than that, it was not to have any communication at all.

2182 | Chairman WAXMAN. Mr. Yarmuth, I am going to give you the
2183 | choice. We can do your five minutes now, but we are going to
2184 | have to come back anyway, and it is going to put us pretty
2185 | close to the time, but we should be able to make the vote.
2186 | So it is up to you.

2187 | Mr. YARMUTH. Let me do it. I will try to keep it quick,
2188 | Mr. Chairman.

2189 | Chairman WAXMAN. Okay.

2190 | Mr. YARMUTH. Before I ask the one question I want to
2191 | ask, following up on something that Mr. Shays mentioned, I
2192 | want to just refer to a comment that Mr. McHenry made earlier
2193 | in the hearing--he is not here now--in which he called this a
2194 | drive-by oversight and also mentioned the fact that this

2195 | Committee had not done anything legislatively based on what
2196 | we had heard during the course of the year, and I would just
2197 | like to mention that already this year we have passed
2198 | whistle-blower protection legislation, we have dealt with
2199 | legislation related to the free flow of information,
2200 | Government contracting, Blackwater and other private security
2201 | firms, and also procurement policies and defense
2202 | appropriations bills. So I just want to correct the record
2203 | that Mr. McHenry implied that we--not implied, stated that we
2204 | had not done anything legislatively.

2205 | I want to go back just for a minute to the question of
2206 | the Tomlinson investigation. You said that you had not had
2207 | any contact with Mr. Tomlinson. Yet, people have told us
2208 | that the letter that was sent to your office from Congressman
2209 | Berman and Lantos and Senator Dodd and a complaint actually
2210 | ended up in the hands of Mr. Tomlinson that was faxed to his
2211 | executive director. Did your office have anything to do with
2212 | faxing that letter of complaint to the executive director of
2213 | the board?

2214 | Mr. KRONGARD. Yes. Well, not executive director of the
2215 | board. The executive director of the organization.

2216 | Mr. YARMUTH. The organization.

2217 | Mr. KRONGARD. Yes, sir, I did. The faxing of the letter
2218 | was intended. The faxing of the attachment to the letter was
2219 | inadvertent, and as soon as we learned that we instructed him

2220 | to return it to us, and he assured us at that time that it
2221 | had not been shown to anyone else, and it was only a day or
2222 | so.

2223 | Mr. YARMUTH. You say it was inadvertent. I mean, it
2224 | seems like a pretty serious mistake to alert someone or alert
2225 | an organization that was being investigated that there was a
2226 | compliant against them.

2227 | Mr. KRONGARD. The facts are pretty clear. I don't
2228 | dispute the facts in any way. I had a phone conversation
2229 | with Mr. Conniff is his name because of the nature of the
2230 | information that was required from the congressional letter.
2231 | I told him that we would need help at his highest level in
2232 | getting things like time sheets and information and so on,
2233 | and he said what do you need it for, and I gave him a general
2234 | background, I didn't refer to any congressional letter. And
2235 | he immediately said, oh, you are talking about the
2236 | double-dipping and the 40-hour a week. He knew each of the
2237 | issues. I was brand new; I had only been in office about six
2238 | weeks. But, apparently--and this turned out to be the
2239 | fact--these same issues had already been the subject of an
2240 | investigation both by the Corporation for Public Broadcasting
2241 | and the Office of Government Ethics. So he well knew the
2242 | issues. So at that point I said, yes, this is a request on
2243 | the same issues.

2244 | And since he knew those issues, I said I will just send

2245 | you the letter and you can see what it is. And I told my
2246 | assistant, who was a temporary person at the time, fax the
2247 | letter to Conniff. I don't think anybody disputes that that
2248 | was the instruction, fax the letter to Conniff. She was
2249 | within, I think, her right to interpret that to fax the
2250 | attachment. It was not my intention that it include the
2251 | attachment; I was only thinking of the letter. When we
2252 | learned, I think it was the next day, that the attachment had
2253 | been faxed, I instructed my legal counsel to call Brian
2254 | Conniff to ask him to return immediately the attachment, and
2255 | that was done.

2256 | Mr. YARMUTH. But, in fact, Peter Lubeck, who was the
2257 | person who was investigating this, the chief investigator on
2258 | this matter, has testified that one of the witnesses said
2259 | what happened--and this is quoting Mr. Lubeck: ``What
2260 | happened as a result of this, two of the witnesses were
2261 | observed shredding documents related to this case. When I
2262 | interviewed the two witnesses, they said, oh, we were just
2263 | housekeeping.'' So, apparently, that letter had potentially
2264 | very serious implications.

2265 | Mr. KRONGARD. I think that is a leap of faith, sir. I
2266 | really do. To say that with all the knowledge and all the
2267 | media attention that was being given at that time, already,
2268 | and had been given to these allegations against Mr.
2269 | Tomlinson, to say that a shredding party took place because

2270 | of my discussion with Brian Conniff, who we have no reason
2271 | not to trust--he was the highest ranking officer in that
2272 | organization--I can't say one way or the other, but I
2273 | wouldn't jump to the conclusion that that is what caused it.

2274 | Chairman WAXMAN. Mr. Yarmuth, if you would allow me, I
2275 | am confused, because when Mr. Shays asked you whether you had
2276 | any communications with Mr. Tomlinson or others that would
2277 | get to him, you said no, absolutely not. Now it turns out
2278 | you directed a fax that inadvertently had an attachment to
2279 | it, which you tried to pull back afterwards. Isn't that a
2280 | communication?

2281 | Mr. KRONGARD. There is a great difference in my mind
2282 | between the Executive Director, Mr. Conniff, and Mr.
2283 | Tomlinson. I answered faithfully the question that I did not
2284 | provide anything to Mr. Tomlinson. There was no way we could
2285 | have conducted our investigation without the cooperation of
2286 | someone at a high level of BBG so we could get the materials
2287 | we needed--the time sheets, the pay sheets, all of the
2288 | records--and the person we would go to would be the Executive
2289 | Director.

2290 | Chairman WAXMAN. Well, let me tell you this. If you
2291 | ever investigate me and you send an information to my chief
2292 | of staff, I am going to know about it. Don't you think Mr.
2293 | Tomlinson would have known about it?

2294 | Mr. KRONGARD. No, because the chief of staff is in a

2295 | different relationship than the Executive Director and the
2296 | Chairman of the Board.

2297 | Chairman WAXMAN. In some offices they talk to each
2298 | other.

2299 | Mr. KRONGARD. Sir, with all due respect, I don't know,
2300 | sitting here today, who, other than Mr. Conniff, we would
2301 | have gone to to get information of the type we needed.

2302 | Chairman WAXMAN. We have another vote on the House
2303 | floor. We are going to recess. There are four votes, so it
2304 | will probably take us a half hour, but we will come back and
2305 | will wrap up at that point, but there are some more
2306 | questions.

2307 | [Recess.]

2308 | Chairman WAXMAN. The Committee will come back to order.

2309 | Mr. Issa, I want to recognize you for questioning.

2310 | Mr. ISSA. Thank you, Mr. Chairman.

2311 | I have got a number of questions, but perhaps the one
2312 | that is most vexing to me, on the staff report for House
2313 | Oversight--I guess this is the majority report--I am a little
2314 | confused. On page 93--oh, I am sorry, the minority report.
2315 | Thank you. I am sure it says minority somewhere here, I just
2316 | missed that.

2317 | There is a quote here that I would like you to comment
2318 | on. It appears that, following the July 31st meeting at the
2319 | Justice Department with Assistant U.S. Attorney and Chief of

2320 | the Eastern District of North Carolina, Robert Higdon, that
2321 | he wrote--and I think I am quoting: Thank you for taking time
2322 | to meet with the Deputy Criminal Chief, Jim Candelmo and me
2323 | earlier this week when we were in Washington. We appreciate
2324 | the frank exchange of views and information. We will remain
2325 | cognizant of these issues and will work closely with you and
2326 | your staff to move this matter forward in the most
2327 | expeditious way possible. Your decision to allow your case
2328 | agent to continue to work on this matter will make that much
2329 | easier.

2330 | Can you comment on why they would thank you and then we
2331 | are sort of hearing the opposite in this hearing?

2332 | Mr. KRONGARD. Well, I quoted from this earlier, sir, for
2333 | the same reason. I can only go by what they said to me both
2334 | in the meeting, where they expressed appreciation, and in
2335 | their follow-up letter. What is being said either second-or
2336 | third-hand, which I am just hearing, I don't know how to
2337 | resolve those. I go by what they said to me.

2338 | Mr. ISSA. Okay, I am confused. This hearing, I can't
2339 | figure out if it is about the Iraqi embassy or if it is about
2340 | you. If it is about the Iraqi embassy, the embassy is on
2341 | time and on budget, and normal construction errors, and maybe
2342 | even not so normal construction errors, are being dealt with
2343 | both through your office and through General Williams'
2344 | office, and so on. And in the case of these specific areas

2345 | of joint investigation, it appears as though you and Justice,
2346 | at least officially, and through the participation of
2347 | resources, are working together. Is that what it appears in
2348 | your case to be?

2349 | Mr. KRONGARD. Yes, sir. I think that is correct. I
2350 | think, at the end of the day, we have been helping them to
2351 | the best of our ability.

2352 | Mr. ISSA. So, Mr. Chairman, my question to you is where
2353 | is the beef? I really have to try to understand your opening
2354 | statement versus these facts, which seem to have--yes, they
2355 | are controverted. They are controverted by the empty seats
2356 | there.

2357 | I guess I am going to switch from the things that don't
2358 | appear to be here, which there doesn't seem to be a case for
2359 | the Iraqi embassy, per se, being in trouble, other than it is
2360 | a big project and there are things to be fixed. There
2361 | doesn't appear to be any lack of willingness with appropriate
2362 | oversight by yourself and your office to working together
2363 | with Justice. So let me ask you this. You have got a lot of
2364 | areas, 252 embassies and missions around the world, that you
2365 | have to do statutory oversight on, that you have to
2366 | investigate. What are your priorities? I would like to know
2367 | what you are working on, because what this hearing is about
2368 | today appears not to be a problem. But I would like to hear
2369 | about the problems that you would like us to know you are

2370 | working on that maybe we should focus attention on.

2371 | Mr. KRONGARD. Well, that is a really important question,
2372 | sir, because when I came into office, one of the things I
2373 | spoke about at my confirmation and always in the early days
2374 | was that I wanted my priorities to be set not by the
2375 | calendar, but by the priorities of the day. And I come from
2376 | an audit background, where you go to the highest risks first,
2377 | and I used to say I don't want to have to go to Island in the
2378 | Sun because I haven't been there for five years and, oh, no,
2379 | you can't go back to Kabul because you were there last year.

2380 | I think the problem is that, when I first came in, 70
2381 | percent of our work was mandated, so what we were working
2382 | with, in order to fix our own priorities, is not significant.
2383 | I mean, most of our work is--when you say what are we working
2384 | on, I can tell you a lot of it, but it wouldn't necessarily
2385 | be my highest priorities. As I said, in investigations, we
2386 | are doing a lot of time and expense. I would like to be
2387 | doing program.

2388 | Mr. ISSA. Well, let me give you an example of a question
2389 | that I have had. State Department took a couple of decades
2390 | to sell and buy a new embassy grounds in Lebanon. They no
2391 | more than closed escrow and I am now told they will never
2392 | build there, that they will have to find a new site. Is that
2393 | something that your department looks at, the decision process
2394 | and whether it was a legitimate change in events as a result

2395 | of the assassination of Hariri, or whether, in fact, this is
2396 | indicative of a selection process that we may be repeating
2397 | around the world at great cost to the taxpayers?

2398 | Mr. KRONGARD. That is the kind of thing we do, and I
2399 | hate to speculate about something that took place before my
2400 | time, but my recollection is that, before my time, there was
2401 | an inspection of Embassy Beirut that did get into this issue,
2402 | but that is my recollection.

2403 | Mr. ISSA. Well, you can follow up for the record, if you
2404 | don't mind.

2405 | Mr. KRONGARD. We will, certainly. And let me tell you,
2406 | sir, that one of the things that was highest on my priority
2407 | lists is in the process of being achieved thanks to the
2408 | Congress, which was setting up a Middle East regional office.
2409 | Remember, we are talking about all these people who act in
2410 | Afghanistan and Iraq. They all have people there. We have
2411 | never had a single person in the Middle East, whether it is
2412 | Baghdad or Kabul or anyplace else, and thanks to the Congress
2413 | and my efforts of over two years to try and get support, we
2414 | were given \$1.5 million to set up a Middle East regional
2415 | office, and the people just returned from Amman yesterday,
2416 | where it is being set up. And the reason we picked Amman is
2417 | because our problems aren't just Iraq and Afghanistan, they
2418 | include Beirut, and that is one of the places we want to be.

2419 | Mr. ISSA. Well, thank you, and thank you for your

2420 service. And I will end by saying that first week of
2421 December the President is having a Christmas party. I have
2422 an extra guest ticket. After today, I know that you have
2423 earned it. I would be happy to have you use my guest ticket,
2424 and then you will get a picture with the President and then
2425 you will get to meet him, as well you should. Thank you for
2426 your service.

2427 Mr. KRONGARD. Thank you, sir.

2428 Chairman WAXMAN. Thank you, Mr. Issa.

2429 Mr. Shays, you are recognized.

2430 Mr. SHAYS. Thank you. Mr. Chairman, first off, I want
2431 to say that what troubles me about this hearing is that, Mr.
2432 Krongard, you have not been confronted by your accusers. You
2433 were confronted with a 14-page document. We don't want our
2434 IGs to be politically interfered with by the Executive Branch
2435 or Congress, and yet you have disclosed that you were
2436 basically forced to recuse yourself because of this
2437 Committee, when in fact you may not have had to, because of
2438 the interference of this Committee.

2439 The Chairman has said something that I think was totally
2440 inaccurate. We all make mistakes, but the Chairman said we
2441 don't need to have your accusers here because they were
2442 deposed by this Committee under oath. They weren't deposed
2443 and they weren't under oath. John Donolan, in regards to the
2444 September 18th letter, was an interview not under oath; Ralph

2445 MacNamara, who has made accusations in the September 18th
2446 letter, was an interview, he was not under oath; Brian
2447 Rubendall and Ron Motana, September 28th letter, they were
2448 interviewed, but they were not under oath; and Peter Lubeck,
2449 October 4th, was interviewed, but was not under oath.

2450 They haven't come before this Committee. You have not
2451 been given the kind of courtesy that we have given other
2452 people who come before this Committee to know what they have
2453 said and we can compare the testimony and they can be under
2454 the light of public disclosure, as you have been today.

2455 And then there were two other individuals who are
2456 whistle-blowers who have made accusations that the majority
2457 has chosen not to share with us who they are, so we can't
2458 question them about it because we don't know who they are.

2459 So I just want to say we all make mistakes, and in this
2460 case I think this Committee has made a number. You have made
2461 a mistake, in my judgment, in not being clear with your
2462 brother the importance of him being up front with you, and I
2463 think that has really been not helpful at all. That is the
2464 one thing that I have learned in this hearing that I think is
2465 very uncomfortable to me. All the other issues, the travel,
2466 the allocation of your resources, to me seem fairly straight
2467 forward. So I leave this hearing thinking that you are an
2468 honorable man, you have tried to be up front with us, and I
2469 wonder sometimes why anybody would want to work for

2470 Government. You ran a big business, you obviously had a lot
2471 of employees, so it is not like you don't have management
2472 skills.

2473 And your point to us, which I accept, is that you came
2474 in as a change agent and know you have limited time, and
2475 probably pushed it a little more quickly in the public sector
2476 than you can in the private sector, and that is the reality
2477 of working in the public sector, and it is one reason why
2478 Government sometimes is ineffective, because it can't respond
2479 to the kinds of changes that we need.

2480 I would like to ask you, as it relates to the embassy.
2481 There have been a number of allegations concerning
2482 construction deficiencies at the Baghdad embassy. Does your
2483 office have investigators with the required skills to go to
2484 the construction site and add value to an investigation of
2485 issues such as the proper wall strength needed to withstand
2486 rocket attacks, whether the building is properly wired, has
2487 proper plumbing, or has adequate fire suppression systems?

2488 Mr. KRONGARD. No, we don't have that kind of skill.

2489 Mr. SHAYS. Isn't it true that the allegations of
2490 construction deficiencies are being handled by other
2491 investigative entities that have some expertise in
2492 construction and building security matters?

2493 Mr. KRONGARD. That is true, but without meaning to
2494 interrupt your train of thought, can I answer more fully?

2495 | Because this is not intended to be self-promotional, but I
2496 | want this fact out on the table, that when I was in Iraq in
2497 | September, I think I made two very valuable contributions.
2498 | It was I who insisted upon and obtained the agreement that
2499 | the fire suppression system would have to be certified by an
2500 | outside, independent, third-party expert and that an outside,
2501 | independent, third-party expert would have to certify as to
2502 | the structural integrity of the buildings. I insisted upon
2503 | that.

2504 | Mr. SHAYS. Let me ask you. When you went to Iraq,
2505 | people are treating this as if you were doing an
2506 | investigation. My sense, in hearing you, is that you went as
2507 | the Inspector General to get information in general, that you
2508 | were not conducting any investigation. I surmise from that
2509 | that you were also trying to determine where to allocate your
2510 | resources and what areas you felt should be investigated and
2511 | not. Am I looking at it the way I should be or is there more
2512 | to the story?

2513 | Mr. KRONGARD. There is more to it. I was gone for three
2514 | weeks, I visited five countries, and the principal reason for
2515 | my visit was a--

2516 | Mr. SHAYS. You visited five countries?

2517 | Mr. KRONGARD. The whole trip. The principal reason for
2518 | my trip was to do a classified investigation with the
2519 | Inspector General of the Department of Defense. That was

2520 | what my principal reason for that three-week trip was. I
2521 | carved it out so that I have a couple of extra days on my own
2522 | in Baghdad--

2523 | Mr. SHAYS. So that wasn't connected to any
2524 | investigation.

2525 | Mr. KRONGARD. Not connected to anything we have talked
2526 | about today. And I carved out some time while I was in
2527 | Baghdad to attend to other things that are of interest to me,
2528 | where I have made contributions: rule of law,
2529 | anti-corruption, and the new embassy construction. So that
2530 | was something that I carved out because I was there, it was
2531 | not the principal reason for my trip.

2532 | Mr. SHAYS. Thank you.

2533 | Chairman WAXMAN. The gentleman's time has expired. I
2534 | just want to say, Mr. Shays, again, that the witnesses that
2535 | talked to our Committee staffs jointly and that were put up
2536 | to question--

2537 | Mr. SHAYS. Excuse me. Is this on your time? Because I
2538 | used it on my time. I am just curious.

2539 | Chairman WAXMAN. Well, I think this is just something
2540 | for the record.

2541 | Mr. SHAYS. Okay, because I just want to say I used my
2542 | five minutes, and I would appreciate not having to do it.
2543 | But, anyway, continue.

2544 | Chairman WAXMAN. Well, it looks like you don't want the

2545 | record to be complete, but I just want to point out--

2546 | Mr. SHAYS. No, I would just like you to use your five
2547 | minutes like I used mine.

2548 | Chairman WAXMAN. I see. Well, I am not going to use my
2549 | five minutes in correcting a record as Chairman of the
2550 | Committee. And as Chairman of the Committee, the procedures
2551 | by which we have followed in interviewing witnesses is to
2552 | give them a choice of a deposition or an interview, and we
2553 | have never heard any objection from the Republican side of
2554 | the aisle on that process..

2555 | Mr. SHAYS. We don't object to that.

2556 | Chairman WAXMAN. Excuse me, I am still talking.

2557 | The second point I want to make is that when somebody is
2558 | responding to questions in an interview, as opposed to a
2559 | deposition, they are still subject to criminal penalties if
2560 | they lie or misrepresent information. And, thirdly, you have
2561 | never requested that these witnesses be here today. You have
2562 | come in and completely complained at every opportunity they
2563 | are not here, but we never had a request from the Republican
2564 | side of the aisle to bring them in. So I just want the
2565 | record to reflect that.

2566 | Mr. SHAYS. Could I ask a question in this regard?

2567 | Chairman WAXMAN. Yes, certainly.

2568 | Mr. SHAYS. Am I incorrect, didn't you say that these
2569 | people had been under deposition and had been under oath?

2570 That is what you said, and I wanted to correct the record
2571 that they weren't, and that is true. And, secondly--

2572 Chairman WAXMAN. No, I said that some were under oath in
2573 a deposition and some were interviewed. It was a combination
2574 of the two.

2575 Mr. SHAYS. And they were not. None of these individuals
2576 that made these charges were under oath, and please--

2577 Chairman WAXMAN. That is not an accurate statement.

2578 Mr. SHAYS. Please--

2579 Chairman WAXMAN. Maybe the individuals you are referring
2580 to, but not all the people we talked to.

2581 Mr. SHAYS. So let me be clear. The individuals that I
2582 named were not under oath?

2583 Chairman WAXMAN. I am going to tell you this, what I
2584 told you earlier. We will give a list--

2585 Mr. SHAYS. I just want the truth. I just want the
2586 truth.

2587 Chairman WAXMAN.--of the people that talked under
2588 deposition and then talked under interview circumstances. We
2589 gave, for the most part, the people the choice.

2590 Mr. SHAYS. And the question I would then end in, why do
2591 we swear in a witness if we don't need to swear in a witness,
2592 if they have to tell the truth anyway? Why are we doing that
2593 to Mr. Krongard, but we are not doing it to the people who
2594 made the charges?

2595 Chairman WAXMAN. Well, the rules of the Committee
2596 provide that anybody that testifies before a Committee
2597 meeting, a Committee hearing must testify under oath. The
2598 process by which we interviewed or deposed witness has been
2599 to give the individual a choice. We have never heard any
2600 objection from anybody to that process. We think it has
2601 worked well. It is only at this hearing that we are now
2602 hearing complaints.

2603 And, secondly, we never had a request from the
2604 Republicans to bring all those witnesses in. We had a report
2605 put out by the Democrats, a report put out by the
2606 Republicans. Mr. Krongard knows well the concerns that we
2607 have raised and he is here to answer them, and he told us, or
2608 at least we have seen quotes from him, that he welcomed this
2609 opportunity. He may not have chosen it at his first choice
2610 of how to spend the day, but this is the only way that we
2611 think, is to get him in and answer questions.

2612 Now it is Mr. Cummings' turn, if he wants to ask
2613 questions.

2614 Mr. CUMMINGS. Thank you very much, Mr. Chairman. I will
2615 be very brief.

2616 Mr. Krongard, Congressman Shays just made a statement
2617 that I thought was very profound, when he said that the one
2618 thing that troubled him was with regard to the statements you
2619 made with regard to your brother, and I came to this hearing

2620 today, I must tell you, with an open mind, and if there is
2621 anybody on this Committee who, over the years, has guarded
2622 witnesses and tried to make sure that they were treated
2623 fairly, I have done that. But in light of all the evidence
2624 we have, it is increasingly difficult, I must tell you, to
2625 give you the benefit of the doubt and to find your testimony
2626 credible, and let me just explain to you why. And you don't
2627 have to look so confused, I am just telling you what I am
2628 feeling.

2629 In fact, the only way you can be credible is if all your
2630 employees who have given sworn testimony to our Committee,
2631 over a dozen that is, are wrong in their statements and if
2632 the Justice Department is wrong in the information that it
2633 has shared with us. Let's just summarize your testimony as
2634 we close this hearing. As I have listened, and I have not
2635 been in the entire Committee, but I have watched it on TV,
2636 the Justice Department told us you impeded their
2637 investigation. You have told us that not only haven't you
2638 blocked the Department's work, but that the Department
2639 doesn't believe you blocked its work. So you are telling us
2640 you are right and the Department is wrong.

2641 The Justice Department and the agent you assigned to the
2642 Blackwater inquiry told us you put your congressional and
2643 public affairs officer in charge of obtaining relevant
2644 documents. You have told us that isn't true, even though the

2645 congressional and public relations director confirmed the two
2646 other accounts. So, again, you are telling us you are right
2647 and they are wrong.

2648 Your employees have uniformly told us of the abusive and
2649 hostile environment that you created. This morning you told
2650 us the problem wasn't with you, but was a reflection of the
2651 low quality of the people working for you. In fact, you
2652 previously told them the Office of Inspector General was a
2653 ``banana republic`` and belittled the standards they
2654 followed. In response, your Chief Counsel, Eric Hart, told us
2655 that ``I think everybody in that room was personally offended
2656 by that statement. I was offended. I come from a military
2657 background and my standards are exceedingly high.`` In this
2658 case you are telling us you were right and, again, your
2659 senior employees were wrong.

2660 Despite the recommendations of the head of your audit
2661 division, your chief counsel, and your deputy that you not
2662 allow the State Department to replace a qualified audit of
2663 its financial statement with a clean audit, you did this in
2664 both 2005 and 2006. This morning you told us that you did
2665 this to preserve the integrity of the audit process,
2666 notwithstanding the views of your top advisors, and when they
2667 objected, you told one of them he was ``irrelevant.`` Bill
2668 Todd, your deputy, told the Committee that ``Howard said I
2669 was wrong. Howard told Dudda he was wrong and Howard told

2670 Eric Hart he is wrong.''

2671 A number of your senior advisors told us your personal
2672 investigation into First Kuwaiti's alleged labor trafficking
2673 was unorthodox, ''didn't comply with any standards,'' was
2674 ''an embarrassment to the community,'' and ''an affront to
2675 our profession.'' But this morning you have stuck to your
2676 position and insist you were right and they were wrong.

2677 A number of those same advisors and the Justice
2678 Department have also told us they warned you that your
2679 proposed participation into an ongoing criminal inquiry was
2680 wrong and could taint the real investigation. Again, you
2681 insisted today that you were right and they were wrong.

2682 In fact, the only time today that you have admitted you
2683 were wrong relates to your brother, Buzzy Krongard. You were
2684 adamant this morning that he did not serve on the Blackwater
2685 board. As a matter of fact, after you gave your statement,
2686 you were emphatic that you had talked about him and gave me
2687 the impression that you had just talked to him recently, and
2688 then came back and said it had been a while. I am just
2689 saying that was the impression I got.

2690 Mr. Krongard, I just don't believe that everybody is
2691 wrong and you are the only one who is right. But I will give
2692 you one more chance to reflect on these overwhelming facts
2693 and reconsider your testimony, and if you would like to do
2694 that, you may.

2695 Mr. KRONGARD. Thank you, sir. I am not sure I can do
2696 every one, because I wasn't writing fast enough. Let's start
2697 with DOJ. I am accused of impeding their investigation and
2698 you say that I am disagreeing with them or the people who are
2699 speaking for them. When I read you the letter, which
2700 reflects exactly what they said--and that letter very clearly
2701 makes the point that I was cooperating with them, they
2702 appreciated what I was doing, they liked my candor, they
2703 liked the fact that I had assigned to them a good
2704 investigator. So I don't think it is a question of my saying
2705 that they are wrong; I am relying on their own words.

2706 With respect to the congressional and public affairs
2707 person, it is true as to the documents. You said that I
2708 denied that the congressional and public affairs person was
2709 responsible for getting the documents. I stated the
2710 contrary; she was because she was doing it for SIGIR, as
2711 well, and, therefore, it made it easy to do it for both.
2712 What I said she was not doing was any investigative
2713 activities. She wasn't an investigator, I agree with you.

2714 Mr. CUMMINGS. Mr. Krongard, I want to interrupt you for
2715 one second. That letter from the Justice Department was
2716 after the July meeting that you had with them. The
2717 complaints we are getting are from all the things you did
2718 after that.

2719 Mr. KRONGARD. Well, let me get to that.

2720 Mr. CUMMINGS. So just the chronology.

2721 Mr. KRONGARD. Let me get to that, then.

2722 Mr. CUMMINGS. Okay, go ahead.

2723 Mr. KRONGARD. I was following the Congressman's order,
2724 but let me get to that. I made it clear in my testimony, and
2725 I will stand by it, that I communicated by phone and in
2726 person with each of the three branches of the Justice
2727 Department that had investigations, to my knowledge, before I
2728 went to Iraq, told them what I was going to do in Iraq, and
2729 asked them if there was anything I could do to assist them.
2730 I don't know what else--I am not disagreeing with them. I
2731 did talk to them and I know what they said to me, so I do
2732 disagree with you on that.

2733 I am not disputing that the problem is all somebody
2734 else's. I didn't try and say that. I tried to say I have
2735 been very hard on the people. I came to do a very difficult
2736 job. I gave up a lot to come down and do that, and I wanted
2737 to make the contribution that was expected of me, and I
2738 wasn't prepared very well for what I found, and, yes, I have
2739 created an environment that a lot of people felt
2740 uncomfortable.

2741 But you haven't heard from any of the people that like
2742 what I am doing, and admire and respect what I am doing. It
2743 would have been nice if some of those people had been
2744 consulted. But I am not saying the problem is all with them

2745 | as far as the work environment. It is a work environment
2746 | that I have been very demanding; I have been very critical.
2747 | I have tried to get to a high level of care. When I read
2748 | every report and I make comments on it, some people view that
2749 | as micro-managing, some people view that as interference.

2750 | Each of the seven names, I believe, that Congressman
2751 | Shays read with respect to giving this adverse testimony are
2752 | all from the investigations group. I came into a situation
2753 | where that investigations group had never been managed. They
2754 | viewed any management, any oversight as interference. So,
2755 | yes, I am part of the problem. I have tried to deal with it.
2756 | I would like to do better.

2757 | There are e-mails in here, frankly, that I am
2758 | embarrassed to see in print when I see them in print by
2759 | themselves, without seeing what led to them and what pushed
2760 | me to them. But, nevertheless, I am embarrassed by them. And
2761 | it has not been asked, but I will tell you I learned a really
2762 | good lesson through this, and I am going to think long and
2763 | hard before hitting that send button, which we all should.
2764 | E-mail is a terrible thing.

2765 | So I don't say it is everybody else.

2766 | As to who is right and wrong, on the audit, absolutely I
2767 | knew I was going against the majority, and I believe to this
2768 | day that one of the best things I have done in the Department
2769 | since I have been there is that memorandum that I wrote with

2770 | respect to why I was doing what I was and had the support of
2771 | the American Institute of Certified Public Accountants, OMB,
2772 | and GAO, and I think to this day what I did was correct.

2773 | And the people who disagreed with me, by the way, even
2774 | though they disagreed with me in principal, acknowledged,
2775 | including Eric Hart, the legal counsel, that there was
2776 | nothing illegal about what we were doing, and our role as not
2777 | being the auditor, but just being the overseer, was only to
2778 | make sure they didn't do anything illegal or unprofessional.
2779 | So on that I really do believe I was right and the other
2780 | people were wrong, and so be it, that is the way.

2781 | On the work on the new embassy compound, as I say, I
2782 | have made real contributions there. With respect to getting
2783 | the fire suppression system certified by an outsider and the
2784 | structural integrity, I pushed for that, and I demanded it
2785 | and I got it.

2786 | So I have tried to do the best job I can. That is all I
2787 | can tell you. I am not perfect. I am not going to be here
2788 | telling you everybody else is wrong and I am right.

2789 | Mr. CUMMINGS. I see my time is up. Thank you.

2790 | Chairman WAXMAN. Your time is up.

2791 | Mr. Krongard, the thrust of those last questions is you
2792 | are right and everybody else is wrong. That is the way it
2793 | appears to some of us, but what strikes me is the enormous
2794 | gap between your strong reputation in previous jobs and your

2795 | performance and the Inspector General. There is a string of
2796 | incompetent actions that you took. Now, I took notes when
2797 | you testified originally, and you said I took on a mission
2798 | that put me in conflict with people resisting change. Then
2799 | you also said I never allowed staff to affect my judgments.
2800 | I sometimes think that is an incredible statement, because
2801 | you had staff there that should have affected your judgment,
2802 | because many of them had more information, knowledge,
2803 | experience than you did.

2804 | Now, all the people that were critical were not from the
2805 | inspections unit. Bill Todd said that what you were doing
2806 | was very unorthodox. He was the Deputy Inspector General.
2807 | Patty Boyd said your audit was an embarrassment. Eric Hart,
2808 | your counsel, said it was wrong to give the State Department
2809 | more time on the audits, which you did for two years running.

2810 | Despite strong warnings from the Justice Department, you
2811 | insisted on meeting with a person of interest. You
2812 | investigated and wrote a report on human trafficking that was
2813 | widely ridiculed by your career investigators for being the
2814 | furthest thing from an investigation. Your staff
2815 | specifically warned you not to debrief them on your
2816 | discussions with subjects of investigation for fear that it
2817 | would taint their investigation, and you then proceeded to
2818 | send a detailed e-mail to one of the agents doing exactly
2819 | what they asked you not to do. In the case of Ken

2820 Tomlinson, you shared with him a whistle-blower letter
2821 detailing the allegations that were being investigated. And
2822 there were other instances. You met with two State
2823 Department officials that were persons of interest, and that
2824 was a problem.

2825 There is one area after another where you seem to ignore
2826 the people who had ideas of what to do and instructed you
2827 that they thought there was a problem, but you put your
2828 judgment over theirs. And I would submit it looks like your
2829 judgment in every case was not better than theirs. This
2830 record of incompetence is completely at odds with your
2831 previous professional reputation. I don't know how to
2832 reconcile the two, but I know that we can't ignore the facts.

2833 You have a critical role as an inspector general for the
2834 State Department. The State Department needs your help to
2835 make them more effective and to make the most of their
2836 resources, and the challenges that are facing the State
2837 Department are enormous in Iraq, particularly; they have
2838 profound implications for our relations with the entire
2839 world. So you have to do the oversight to keep them honest.

2840 Our job is to do the oversight to keep you and the State
2841 Department honest, and to make sure that you are doing the
2842 job you need to do.

2843 Now, our investigation and our hearing today has been
2844 belittled by the Republicans. When they were in power, they

2845 | didn't do any investigations over anything that might
2846 | embarrass the Bush Administration. It is as if they had
2847 | nothing to do with it all. They were only members of
2848 | Congress, although the Constitution spells out we have a job,
2849 | providing the checks and balances. Now that we are trying to
2850 | do that, we get a lot of criticism.

2851 | But back to you. I will take the criticism. Back to
2852 | you. How is it that you ignore and put yourself in a
2853 | situation where you belittle the people that are trying to
2854 | have you do your job right? Are they all wrong and you are
2855 | right? And it seems to me it is not just a question of
2856 | credibility; it is a question of what has happened has been
2857 | viewed as incompetent. How do you respond to some of these
2858 | specifics and my general comments?

2859 | Mr. KRONGARD. Okay, let me try, sir.

2860 | Chairman WAXMAN. And, with that, we are going to end the
2861 | hearing.

2862 | Mr. KRONGARD. Let me try, sir, because there are some
2863 | things that have been said, really, for the first time to me
2864 | and are wholly implausible. For example, I have heard for
2865 | the first time today that I was told not to tell the
2866 | investigators information that I had acquired in Baghdad, and
2867 | they didn't want to know it and I forced them to know it.
2868 | Let me read to you the e-mail which I sent to the agent--I
2869 | won't use his name--as soon as I got back from Baghdad.

2870 It says, ``When I was in Baghdad last week discussing
2871 so-and-so, here is what happened,`` and I did tell him. Here
2872 is the response from the agent on October 5th: ``Howard,
2873 thanks for the information. I believe this is an area of
2874 interest to the prosecutors, so I will forward the
2875 information to them as well.`` That seems to me a total
2876 acceptance of what I did.

2877 I then followed up with him and said, ``Good. Have you
2878 had a chance to consider my suggestion at our meeting
2879 Tuesday?`` We had met.

2880 Chairman WAXMAN. You wouldn't give your e-mails to the
2881 Justice Department because you told them what? Why didn't
2882 you provide the Justice Department the information they need?

2883 You are supposed to work with them; they are the ones in
2884 charge of criminal prosecutions, not you. And if they ask
2885 for information, why wouldn't you give it to them?

2886 Mr. KRONGARD. They never asked for this information,
2887 sir. I had not even been aware that there was an
2888 investigation, because it happened while I was in Iraq. I
2889 provided my investigator with the information. I didn't even
2890 know he was working on an investigation with the Justice
2891 Department.

2892 Chairman WAXMAN. Well, you are reading aloud from
2893 e-mails that are not on the public record. Do you want that
2894 on the public record?

2895 Mr. KRONGARD. You have put on the public record a
2896 statement that I was told something that I wasn't told. This
2897 is directly contrary. I was cooperating with this agent. I
2898 gave him information that he liked. I gave him an
2899 opportunity to go to Iraq and I put the choice to him. I
2900 mean--

2901 Chairman WAXMAN. Let me just ask you to hold off for a
2902 minute, because I think you are maybe going to adversely
2903 affect other investigations by what you are saying here.

2904 Mr. KRONGARD. But the allegation--

2905 Chairman WAXMAN. We have to respond to the vote.

2906 Mr. SHAYS. He has to be able to defend himself to the
2907 charges.

2908 Chairman WAXMAN. Well, I am not going to deprive him of
2909 being able to defend himself, but if he uses information that
2910 he has that has some--

2911 Mr. KRONGARD. I will submit this right now to you.

2912 Chairman WAXMAN. Where did you get that?

2913 Mr. KRONGARD. It is my e-mails. It is my record. I
2914 produced this--

2915 Chairman WAXMAN. Now, this is something we subpoenaed
2916 and we never received. Why didn't we get that when we asked
2917 for it under subpoena.

2918 Mr. KRONGARD. You would have to ask the person who
2919 processed this. I gave up my e-mails to the person

2920 | processing this. Maybe it was determined that this is, like
2921 | you are saying, affects investigations. It may be. I
2922 | wouldn't have gotten into it but for the allegation against
2923 | me that has been made today.

2924 | Chairman WAXMAN. I know, but we asked for the
2925 | information from you. We even--

2926 | Mr. KRONGARD. I gave it to the person. I gave it to the
2927 | person.

2928 | Chairman WAXMAN. You gave it to our Committee?

2929 | Mr. KRONGARD. No, I gave it to the person--I was recused
2930 | and separated from the production process. I produced all of
2931 | my e-mails to legal counsel in my office who was responsible
2932 | for the production. I don't know if this was produced or
2933 | not.

2934 | Chairman WAXMAN. As I understand it, the Justice
2935 | Department objected to our getting that e-mail because they
2936 | said it was sensitive to a prosecution, and now you are
2937 | reading it.

2938 | Mr. KRONGARD. The parts that I read went only to whether
2939 | the agent appreciated or objected to my providing him
2940 | information. That is all I have read and that is my point.

2941 | Mr. SHAYS. You answered his question. Thank you for
2942 | answering his question.

2943 | Mr. KRONGARD. Okay, can I try one more? I mean, there
2944 | was a whole string. Because you asked why I didn't allow my

2945 staff to influence my job selection and allocation, and you
2946 referred to what I had said before.

2947 Chairman WAXMAN. Not job selection, not allocation of
2948 funds. They asked you to do and not do certain things, and
2949 you just absolutely ignored them. In fact, the record that
2950 they have given us is that you belittled them. You told them
2951 they were irrelevant, that they didn't know what they were
2952 talking about.

2953 Mr. SHAYS. These are people that haven't come before the
2954 Committee, I am sorry.

2955 Chairman WAXMAN. These are people who have come before
2956 our Committee.

2957 Mr. SHAYS. Not him.

2958 Mr. KRONGARD. My only point was you referred to my
2959 written and oral statement this morning. I just want to
2960 clarify what I actually said. I said the clashes were
2961 unfortunate, but I need to emphasize that I never allowed
2962 them, the clashes--not the people--to affect my judgment. I
2963 did take into account recommendations, positions, and other
2964 advice that came from my staff.

2965 In the course--

2966 Chairman WAXMAN. You took them into account, but you
2967 didn't follow them.

2968 Mr. KRONGARD. I did the best I could. If I felt that my
2969 judgment, as I did in the audit question that we have talked

2970 | about, was better, I followed mine. But, more important,
2971 | sir, in these de-conflict situations, the investigators who
2972 | are governed by very strict confidentiality, they generally
2973 | known what they are doing. They don't know what the auditors
2974 | are doing and they don't necessarily know what the inspectors
2975 | are doing, and all don't know what the others are doing.

2976 | I am the one that is on the top of this, that has to put
2977 | all this together and make the determinations as to what is
2978 | good from a resource point of view, what is good from a
2979 | conflict point of view, what is good from doing the job that
2980 | I swore to undertake to do. That is my responsibility. Yes,
2981 | it is hard, and maybe I don't always make the right decision,
2982 | but I can tell you my motivation has been nothing different
2983 | from when I came to Washington in the first place.

2984 | Chairman WAXMAN. Well, no one has attacked your
2985 | motivation except what we are attacking as your competence
2986 | and your credibility.

2987 | Mr. KRONGARD. Well, sir, I will stand on my record of
2988 | competence.

2989 | Mr. SHAYS. Mr. Chairman, you have attacked his
2990 | motivation. The whole letter was attacking his motivation.
2991 | You basically charge this man with being corrupt; you charged
2992 | him with so many things. It is an outrage.

2993 | Chairman WAXMAN. My letter will speak for itself, not
2994 | your characterization of it. The facts will speak for

2995 themselves, not your characterization of it.

2996 We have a vote and there are two minutes left. Rather
2997 than ask you to come back further, I think we have gotten to
2998 the point where we know what your position is and we know
2999 what others have said, and we know what the Republicans think
3000 of this and we have our executive summary and the Democratic
3001 summary of the information we received. We will let the
3002 facts speak for themselves.

3003 With that, I am going to adjourn the meeting. Thank you
3004 for being here.

3005 [Whereupon, at 2:10 p.m., the committee was adjourned.]

